

SUMMARY PROJECT FICHE

1. Basic Information

- 1.1 Désirée Number: BG 0004.01
- 1.2 **Title: GRANT SCHEME FOR INTRODUCTION OF QUALITY MANAGEMENT SYSTEMS (QUALITY MANAGEMENT, EQUIPMENT, and TRAINING)**
- 1.3 Sector: Economic & social cohesion
- 1.4 Location: Northwest and South Central NUTS II regions

2. Objectives

2.1 Wider Objective:

To establish a National Scheme for quality management system for quality management system, the introduction of which will be through the replication of this project.

2.2 Immediate Objectives:

- Improved competitiveness and export capability of the manufacturing sector in the two target regions by assisting them to obtain ISO 9000 certification.
- A pilot scheme for a quality management system capable of national replication at a later stage.

2.3 Accession Partnership and NPAA priority

2.3.1 Accession Partnership

The priorities identified under the economic criteria in the Accession Partnership includes, amongst others, the following:

“The promotion of competitiveness through market-based enterprise restructuring and taking measures to improve the business environment and stimulate domestic and inward investments”.

The Accession Partnership under economic criteria for 2000 identifies one action:

“Implement further measures to improve the operating environment for private sector enterprises, including SMEs, and to encourage inward investment”.

This project is designed to make a contribution to both the above objective and action identified in the Accession Partnership.

2.3.2 National Programme for the Adoption of the Aquis (NPAA)

The NPAA defines three strategic targets the achievement of which is a primary condition for accession. In the context of this project the relevant strategic target is:

“Existence of a functioning market economy and capacity to cope with competitive pressure and market forces within the Union”.

Economic criteria identified within the NPAA includes:

- The “promotion of flexible and viable small and medium sized businesses aimed at creating a wide basis for the economy”.
- “To push the investment activities in the direction of modernising technologies and products to ensure sustainable economic growth and reducing the level of unemployment”.
- “Stimulating the creation of new jobs through the creation of new businesses to provide self employment”.

This project will, by nature of its design, make a contribution to the objectives embedded within the above criteria. The grant aid being made available under the programme will assist with the purchase of modern equipment to produce quality goods, which are capable of competing with similar goods in the European market. This, in turn, should lead to company expansion and increased opportunities for employment.

2.4 Contribution to National Development Plan

As stated in the National Development Plan 2000-2006 “The second major priority in Bulgarian development over the 2000 to 2006 period is to raise Bulgarian business competitiveness by wholesale improvements in the business climate, utmost utilisation of existing national advantages, identifying key manufactures with good long term prospects, and improving micro level competitiveness at individual company level”.

Support for quality improvement is among the measures for the industrial policy implementation foreseen in the National Development Plan - “Quality is a strategic ingredient in corporate management. It is necessary as a weapon in retaining existing market positions and winning new niches in global market. ISO 9000 standards guarantee total quality management. The benefits of ISO 9000 bring long-term quality guarantees: most important in an industry of subcontractors such as Bulgarian industry.”

The project will contribute to implement the industrial policy in the area of quality improvement.

2.5 Contribution to the Regional Development Plans

Both regional development plans identified the following key conclusions in relation to the SME sector:

“The SME sector suffers from a series of problems which in order of priority are:

1. Lack of capital
2. Ineffective public administration
3. Taxes
4. Lack of law enforcement mechanisms
5. Lack of information
6. Lack of up-to-date vocational and management know-how and experience
7. Lack of SME support programmes
8. Lack of access to new technologies”

This project is designed to tackle the prime problem of lack of access to capital in that it will provide non-refundable financial aid to SMEs to help them with the purchase of new equipment associated with acquiring ISO 9000 status. Field research has shown that the average Bulgarian SME looking for a loan is not able to meet the collateral requirements (125% of the borrowed money) stipulated in the banking law. The project, through the provision of capital, will also address indirectly the other problems of lack of SME support programmes and lack of access to new technologies.

3. Description:

3.1 Background and justification

Despite very low labour costs Bulgarian SME manufacturers are still among the least competitive in Europe. This is due in large part because of the insufficient investment in the manufacturing sector. Manufacturers are using outdated equipment, staff is insufficiently trained (both on the production floor and in management) and products do not meet the quality requirements of EU countries.

Investment in new equipment and machinery is not possible for most enterprises because they are unable to secure affordable financing (see section 2.5). Employees are not trained in new production methods, marketing or financial control matters because of the heavy cost to the employer. Cost is also the reason why even relatively successful firms do not acquire certifications such as ISO 9000 despite the clear benefits this could yield.

At present, many Bulgarian products do not meet EU quality requirements and the high level of inefficiency of manufacturers means goods cost more than they should. The result is that Bulgarian manufactured goods, whether for export or domestic sale, are not competitive and are being squeezed out by foreign firms.

Manufacturing SMEs could become more competitive if they had the resources to purchase modern equipment, train their staff appropriately and began to introduce ISO 9000 certification and quality standards. If these issues were addressed in a coherent manner then the ability of Bulgarian SME manufacturers to compete in the internal market would be enhanced.

The most important quality assurance standard for the Bulgarian industries seeking international recognition, or at least access to international markets, is ISO 9000 in its

modifications: ISO 9001-ISO 9003 for the general business sectors and QS 9000 for the automotive parts manufacturers, etc.

For the food manufacturing industries, including the canning industries, which are a major part of Bulgarian business in both target regions, there is rising demand for compliance with - and eventually certification to – a range of food industry standards. They are based on the Codex Alimentarius and the HACCP principles, which are promoted by the World Health Organisation and the Governments of the European Union member-states.

The Investment in Manufacturing SMEs project is in compliance with the Government's policy concerning the economy and regional development and with the Government's SME strategy for improvement of SMEs competitiveness and integration of SMEs in the European and global markets.

The project will support SMEs in the Northwest and South Central target regions in facing the demands for Quality Management Systems, ISO 9000 certification and training.

A Grant Scheme will be developed for support in three areas:

- Development, introduction and certification in accordance with International Quality Management Systems ISO 9000, QS 9000, HACCP.
- Purchasing of equipment and improvement of infrastructure of the manufacturing facilities (structural improvements, air conditioning or low or high level of cleanliness, re-engineering the existing equipment to facilitate procedures of validated cleaning, basic control and testing equipment, etc.)
- Training and consultancy services connected with the introduction of the quality management systems

The main direct beneficiaries of the project will be manufacturing SMEs from both target regions. Manufacturing companies are the natural main recipients of such aid.

3.2 Linked activities:

Two pilot projects for certification in accordance with ISO 9000 and accreditation in accordance with EN 45000 have been implemented in 1996 and 1997 under the PHARE Programme within the Ministry of Industry (the total projects budget is ECU 900,000):

“Creation, Management and Certification of Quality Systems” (PHARE MI-RPP-F-38, SMCS International Ltd. UK). 12 companies have been certified.

“Pilot Project for Quality Certification of Bulgarian Companies and Accreditation of Laboratories in the Machine Building Sector” (PHARE-MI-RPP-S-19, ASCERT Deutschland GmbH). 5 companies have been certified, 2 companies have been awarded a certificate allowing them to label their products with CE-mark and 1 laboratory has been accredited.

3.3 Results:

- An increased level of awareness amongst Bulgarian companies of the value of ISO 9000 and its modifications and the benefits that this can bring in terms of becoming competitive in European and other export markets.
- Increased level of competitiveness in the companies that receive the grant aid.
- An independently evaluated model for a national quality assurance introduction scheme
- Approximately 100 companies achieving certification in the two target regions. (In the country as a whole, there are approximately 200 Bulgarian organisations registered to ISO 9000 by reputable certification bodies. This number is expected to double every year.
- A grant scheme to encourage Bulgarian SMEs to adopt quality management systems developed;
- General data base for European general and technical requirements to the industrial companies developed;
- Provision of Bulgarian training and consultancy services connected with the introduction of quality management systems.

3.4 Activities:

For the aforementioned results to be achieved it will be necessary to:

- Establish a Programme Steering Committee and Project Selection Committee based in the Ministry of Economy.
- Set up and properly resource a PIU in the Ministry of the Economy to implement the project. This will include the appointment of a number of personnel whose role will be to check if equipment has been purchased and retained by the company for the specified time period after receiving grant aid.
- Provide external advice and support to these new project structures.
- Select a short-list of companies through a tendering process to supply consultancy advice to companies which have been successful in obtaining grant aid to help them acquire ISO 9000 status.
- Develop a list of specialist Bulgarian technical advisors with practical experience in a number manufacturing sectors that will be used to provide technical and financial appraisals of the individual application. These appraisals will be used by the Project Selection Committee to make decisions on the award of funding to applicants.
- Prepare guidelines, application forms etc. for distribution to interested companies.
- Conduct a publicity campaign to ensure that sufficient numbers of quality applications are received for appraisal.
- Set up a computer system to help the PIU control and monitor the implementation of the projects.

The project will have an institution building component. The Ministry of Regional Development and Public Works on behalf of the Ministry of the Economy (10.5 Man months over 18 months) will contract external assistance, in the form of one long-term expert from an EU Member State. There is the possibility that this same advisor could provide the technical assistance required by the Ministry of the Economy with the Business Incubator project.

It is proposed to utilise Meur 0.20 institution building support to provide technical assistance with the management of the scheme.

Institution building assistance will be required to:

- Advise and work with the PIU (Writing guidelines, preparing publicity material, developing administration systems).
- Providing technical advisory inputs to the Programme Steering Committee (evaluation of selection systems, monitoring and control mechanisms, etc.)
- Provide technical advice on selection procedures and the selection of consultancy companies (to advise successful applicants on ISO 9000 acquisition) and technical consultants (to produce appraisal reports on individual applications).
- Train the personnel of the PIU.
- Develop and maintain a general database of European general and technical requirements to the industrial companies.

3.5 Eligibility

The scheme is open to all manufacturing SMEs in the 2 target regions provided they are Bulgarian-registered and which (i) have no more than 250 employees. (ii) either has an annual turnover of not more than the Bulgarian equivalent of EUR 20 Million or a balance sheet total of not more than EUR 10 Million (iii) Are not more than 25% owned by one or more companies which do not fall within this definition of an SME unless such company is a public investment cooperation, a venture capital company or, provided no control is exercised, an institutional investor.

The following are excluded from applying:

Enterprises of public companies as defined by Article 83 of the Securities, Stock exchanges and Investment Companies Act.

- Enterprises carrying on by way of occupation banking or insurance transactions, transactions in securities, the organisation of gambling game or the production and trading of wines and spirits
- Organisations undergoing bankruptcy and liquidation proceedings;
- Organisations or persons having failed to meet the contract obligations for any financial grant from budgetary subsystems within the last five years, or have outstanding tax liabilities or tax like dues determined by legally binding resolutions: social security payment, etc.;
- Those failing to present all the licenses and detailed technical plans required for carrying out the activities;
- Those unable to demonstrate that they have been operating for more than 3 years at the time of application for support;
- Those proposing to operate projects which are not located within the eligible regions.

Priority will be given to:

- exporting firms or firms with the potential to export;
- firms with the potential for expansion and associated job creation

- Firms from the priority sectors identified as such in the District Development Plans of the respective district. These are food industry (canning, wineries, etc.), mechanical engineering, electrical and electronic product manufacture, and cosmetics.

3.6 Nature of Support

Support is provided in the form of a grant equal to a maximum of 75% of the total cost of the proposed areas of assistance whether they are for ISO certification, purchase of equipment or training of staff.

All eligible firms may apply for assistance under any one or all of the three areas mentioned above. Firms may not receive more than one grant per area. For example, a firm may receive three grants one each for equipment purchase, training and ISO certification (provided the request is justified and reasonable). However, a firm may not receive two or more grants for equipment purchase, etc.

The maximum grant amounts for the three areas are:

- For preparation for certification and for certification itself - 30 000 EURO
- For purchasing of equipment - 40 000 EURO
- For training - 10 000 EURO.

Applications for improvements, renovations or expansions already undertaken at the time of application are ineligible. Grants cannot be given for investment and developments that were launched before submitting the application for grant assistance (payments for the development having been made prior to submitting the application).

Applicants must demonstrate that they have access to the required 25 % co-financing at the time of submission of their application. Financial resources from other Government sources or from foreign grants received by international contracts are not eligible for consideration as own resources. "In kind" contribution of own resources is also ineligible.

4. Institutional framework:

4.1 Involved institutions

The key institutions at the national level are the Ministry of Economy (ME), Ministry of Regional Development and Public Works (MRDPW), the District Administrations (NUTS III) the Bulgarian Industrial Association (BIA, see Annex A), the Bulgarian Chamber of Commerce and Industry (BCCI, see Annex B) and the SME Agency.

The Ministry of Economy will have the responsibility for the practical implementation of the programme including publicity, the issue of guidelines, application forms, the conclusion of contracts with the enterprises, monitoring and evaluation of the scheme payment authorisation and disbursement of grant aid. These duties will be carried out by a PIU which is to be established in the Ministry of the Economy.

BIA and BCCI will assist with the identification of technical experts to provide the appraisal services. They will also assist in undertaking of the promotion campaign and dissemination of information through their respective network of regional offices.

The provision of consultancy services to enterprises may come from several sources:

ISO 9000 consultancy: There are a substantial number of local consultancies that have relevant experience in a range of business sectors (except some very specialised sectors);

HACCP consultancy for the food industries: Local consultants can provide some of the services but will need external support and additional training from EU experts before they can start offering the complete package of required consultancy services;

The certification services providers will be internationally recognised certification bodies.

4.2 Selection Process

The Bulgarian authorities will establish a Project Steering Committee upon approval of funding for the Programme. This will consist of representatives from:

- The Ministry of Economy (ME) (two),
- The Ministry of Regional Development and Public Works (MRDPW) (two),
- The Delegation of the European Commission (one),
- The Bulgarian Industrial Association (one),
- The Bulgarian Chamber of Commerce and Industry (one).
- The Bulgarian Association of Regional Development Agencies (one);
- Chairperson of the Association of Regional Governors in each of the respective NUTS II regions (two) or their representatives.
- European Commission Delegation (e.g. Head of Phare Section)

This will create a steering committee that has 10 members. A representative from the Ministry of Regional Development and Public Works will chair the programme Steering Committee. The committee will advise the Ministry of the Economy (including the PIU) on important implementation issues such as:

- The development of selection criteria (the Project Selection Committee will also have a role here);
- The continued relevance of the selection criteria for project applications.
- The selection procedure to be used to identify the companies that will be used to provide consultancy services to the successful applicants;
- The selection of a panel of technical experts for appraisal of individual applications for grant aid.

They will also be responsible for:

- Monitoring the progress of the implementation of the programme;
- Commissioning external evaluations to check if the programme is achieving its objectives in an effective and efficient manner;
- Monitoring the performance of the two selection committees in respect of uniform application of criteria, level of rejections/ approvals, etc.

A Project Selection Committee will be appointed by the Programme Steering Committee. The exact composition of this will be determined by the Steering Committee. It is suggested that the selection committee consists of experts (from ME, MRDPW, BCCI, BIA), not representatives. It is recommended that, where possible, members of this committee have technical backgrounds in manufacturing and business management, e.g. bank manager, academics (from technical universities), chief executives or managers of large manufacturing companies, etc. A representative from the EC Delegation will be invited to participate in the Selection Committees' meetings as an observer. It is the task of the PAO to ensure proper selection procedure.

The role of this committee will be to:

- Adjudicate on the applications for grant, this adjudication being assisted by technical and financial appraisal reports carried out by independent technical experts;
- Make recommendations as to whether or not funding should be awarded to a particular project;
- Define specific conditions that may be attached to the award of funding in respect of individual applications;
- Justify such decisions to the satisfaction of the Minister or, in the event of co-financing by the European Commission, to the nominated representatives of the European Commission or the European Court of Auditors;
- In the event of rejecting a proposal, provide clear and concise reasons for rejection to the applicant (this can help applicants to revise their proposal or to submit better proposals in the future).

The general rules of procedure of the Selection Committees are laid out in the tender rules for the programme

The District Administrations (nine) will perform the following roles in the Implementation of the programme:

- The provision of publicity for the Programme through newspaper advertisements, meetings, distribution of publicity material to eligible companies, etc.
- Acting as a District (NUTS III) collection point for completed application forms and logging details of applications. Applicants must lodge their application in the first instance at the District Administration.
- Verification that the information provided by the applicant on the application form is correct and that all-relevant documentation accompanies the application form (if the relevant documentation is not present it will be the responsibility of the District Administration to return the application to the applicant stating what is required).
- Confirm that the company is an eligible company within the rules of the programme;
- Verification that no work has started on the project at the time of submission of the application;
- Provide confirmation that the firm is from one of the priority sectors identified in the District Development Plan.
- Provide confirmation that claims for reimbursement that relate to the purchase of machinery are genuine in the sense that the machinery has actually been purchased and will be retained by the relevant company

The District Administrations will be required to complete the above tasks and forward the applications (both accepted and rejected) to the PIU of the Ministry of the Economy within two weeks of receipt of the application.

Applications received from the District Administrations are then passed to selected technical experts in the field relevant to the application by the PIU for technical appraisal. (These experts will be supplied by a single company or consortium of companies selected by a tendering procedure in line with Phare DIS rules) The role of the Appraiser will be to produce a detailed appraisal of the application including both technical and financial aspects and make recommendations as to whether or not the project should be funded. Detailed reasons should be given for either rejection or approval. Recommendations for approval may also be made with conditions attached.

The Programme Selection Committees make their decisions using the information provided by the technical experts' report, the information from the District Administration and other relevant sources of information.

The PIU will provide the secretariat for the Project Selection Committee. These duties will include the taking of minutes on decision and resolutions of the Selection Committees, the location and dates of meetings, the names of the attendees, the main events and resolutions, the number of votes for and against, as well as abstentions.

Final grant award must be authorised by the Deputy Minister of Economy and endorsed by the Steering Committee.

(A summary of the application flow is given at 8d. However, the exact nature of this flow will be determined by the practical implementing body (MoE) and the Steering group)

5. Detailed Budget (8.89 MEUR):

	Investment	Institution	Total	Recipient	IFI	TOTAL
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			Building		Phare (=I+IB)	[Public & Private]		
	DIS	HQ	DIS	HQ				
North West	1.92		0.08			1.56		3.56
South Central	2.88		0.12			2.33		5.33
TOTAL	4.80	-	0.20	-	5.00	3.89	-	8.89

It is planned to contribute MEUR 5 MEUR through the Implementing Agency.

The private sector contribution will be MEUR 2.22.

It is anticipated that priority will be given in such a manner to result in the following split in expenditure against the three main areas:

- For preparation for certification and for certification itself – 40%
- For purchasing of equipment - 35%
- For training - 25%

6. Implementation arrangements

6.1 Implementing Agency

The Implementing Agency will be the Ministry of Regional Development and Public Works.

It is planned to operate the project through the Ministry of Economy.

The funds will be provided to the ME through the Implementing Agency. The ME in accordance with detailed regulations will then disburse funds.

The regulations governing this scheme will be approved by the Commission.

6.2 Twinning

Not applicable.

6.3 Non-standard aspects

The scheme is non-standard in that it will be a grant scheme requiring prior specific approval from the EC.

6.4 Contracts

One Service contract for TA and Management of the Grant Scheme located at the PIU – 0.20 MEUR.

Up to 360 grant aided contracts for support under the scheme will be signed between the ME and the companies providing consultancy, certification, delivery of equipment and training to the beneficiaries of the Grant Scheme.

7. Implementation schedule

Start of tendering	Start of project activity	Completion
January 2001	June 2001	December 2002

8. Equal Opportunity

Project implementation will guarantee that equal opportunities will be given to women and men and ethnic groups.

9. Environment

Environmental Impact reports will be undertaken as required by the DIS and Bulgarian law.

10. Rates of return

Rates of return can only be calculated for individual projects approved under this scheme.

11. Investment criteria

11.1 Catalytic Effect

The project will initiate investment by domestic and foreign investors who will be required to finance 25% of the initial investment under the scheme.

11.2 Additionality

EC finance will be additional to that allocated to the national scheme through the Bulgarian national budget.

11.3 Project readiness and Size:

Detailed terms of reference will be elaborated provided external TA can be financed by Phare in 2000 with a view to tendering in January 2001.

This project complies with minimum project size requirements as its total value is in excess of 2 M EURO.

11.4 Sustainability

The scheme will be operated through the newly established Implementing Unit with the involvement of regional partnership in the process. The quality improvement is among the measures for industrial policy implementation foreseen in the National Development Plan 2000-2006. The Government will continue to support the Scheme through the State budget in order to replicate the experience from the pilot one on a national level. Measures for additional funding under international or bilateral programmes for co-operation, other external aid donors will be foreseen.

11.5 Competition Criteria

The scheme is in accord with Article 92(3)(a) of the Treaty of Rome with respect to regional aid in an Objective 1 Member State and the Community Guidelines on State Aids for SMEs [92/C 213/02].

12. Conditionality and sequencing

The establishment by the Bulgarian authorities of the necessary regulations to operate the scheme, including the provision of an appropriate source of co-financing.

Establishment of an effective Implementing Agency before project implementation.

The signing of the Memorandum of Understanding between the Ministry of Regional Development and Public Works with the Ministry of Economy specifying their powers to establish regionally specific selection criteria on behalf of the respective Districts and their role in the decision-making process.

No special sequencing beyond this is foreseen.

Annex 1 to Project Fiche			Programme name: Investment in manufacturing SMEs number:	Date of drafting: 29.11.99
LOGFRAME PLANNING MATRIX FOR GRANT SCHEME FOR INTRODUCTION OF QUALITY MANAGEMENT SYSTEMS			Contracting period expires: December 2002	Disbursement period expires: December 2003
<i>Project Number</i>			Total Budget: 8.89 (MEUR)	Phare contribution: 5.00 (MEUR)
Wider Objective	Indicators of Achievement	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks	
Establishment of a national scheme for quality management system introduction through the replication of this project	National scheme implemented by Government of Bulgaria by 2005	State Gazette publication of Government decision	Government has access to adequate finance to implement national scheme	
Immediate Objectives	Indicators of Achievement	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks	
Improved competitiveness of the manufacturing sector in the two target regions A pilot scheme for quality management system introduction capable of national replication.	10% increase in regional manufacturing exports by the selected companies by end 2002 Evaluation of pilot scheme at end 2002	Regional and national statistics assessed by National Statistical Office Independent evaluator	Enterprises continue to enforce their quality assurance systems	
Results	Indicators of Achievement	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks	
<ul style="list-style-type: none"> A management structure for the project established and operational A pilot grant scheme for introduction of quality management systems developed General data base for European 	<ul style="list-style-type: none"> A PIU established at the MoE General data base for European general and technical requirements to the industrial companies operational 	Information collected and provided regularly by the PIU reports Steering Committee EC authorities	<i>Precondition:</i> The establishment by the Bulgarian authorities of the necessary regulations to operate the scheme, including the provision of an appropriate source of co-financing. The signing of the Memorandum of Understanding between	

<p>general and technical requirements to the industrial companies developed</p> <ul style="list-style-type: none"> • SMEs are informed about the grant scheme • Increased number of certified companies in the target regions • Training and consultancy services connected with the introduction of the quality management systems carried out in the target regions 	<ul style="list-style-type: none"> • Advertising campaign undertaken • 8 seminars for dissemination of information on the Grant Scheme organised in target regions • 100 ISO enterprises certified in accordance with International Quality Management Systems by the end 2002 • 100 enterprises re-equipped by the end 2002 • 100 enterprises trained by the end 2002 		<p>the Ministry of Regional Development and Public Works and the Ministry of Economy regions specifying their powers to establish regionally specific selection criteria and their role in the decision-making process.</p>
<p>Activities</p> <ul style="list-style-type: none"> • MEUR 5.00 Phare funding • MEUR 1.67 Government funding • MEUR 2.22 Private sector contrib. • Project staff • Bulgarian and EU experts • Technical assistance for consulting and training • Procurement of equipment • Promotional programme 			

ANNEX 2

Components	2000						2001												2002												2003						
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	
Establishment/Operation of PIU						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					
Project Steering Committee and Selection Committee to be established						?																															
Creation and approval of the selection criteria						X																															
Development and maintenance of a general data base for EU general and technical requirements to the industrial companies						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X							
Promotion campaign organised						?	?	?												?																	
Collection of proposals for certification/ Identification and Subcontracting of the companies providing certification services						X	X	X	X	X	X	X	X	X	X	X	X																				
Preparation for certification and certification							X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X							
Collection of proposals for purchasing of equipment and for training						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X											
Identification/Subcontracting companies providing training and companies for delivery of equipment						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X								
Mid-term evaluation																			X																		
Final evaluation																													X	X							

ANNEX 3

ANNEX 3									
GRANT SCHEME FOR INTRODUCTION OF QUALITY MANAGEMENT SYSTEMS									
CUMULATIVE CONTRACTING and DISBURSEMENT SCHEDULE (Meuro)									
Date	31/12/00	31/03/01	30/06/01	30/09/01	31/12/01	31/03/02	30/06/02	30/09/02	31/12/02
Contracted		0.5	4.4	6.4	7.0	7.9	8.0	8.89	
Disbursed		0.2	1.4	2.8	4.2	6.4	7.2	8.0	8.89
NB: 1. All contracting should normally be completed within 6-12 months and must be completed within 24 months of signature of FM									
2. All disbursements must be completed within 36 months of signature of the FM									

ANNEX 4

LIST OF RELEVANT LAWS AND REGULATIONS

1. Law on Regional Development /State Gazette ? 26 / 23 March 1999
2. Small and Medium Enterprises Act /State Gazette No. 84 / 24.Sept. 1999

ANNEX 5

LIST OF GOVERNMENT STRATEGIC PLANS AND STUDIES

1. National Development Plan 2000-2006
2. National Regional Development Plan for the period 2000-2006, approved with a Decree No 208/22 November 1999 by the Council of Ministers.
3. Industrial Strategy of the Republic of Bulgaria

ANNEX 6

BULGARIAN INDUSTRIAL ASSOCIATION

Bulgarian Industrial Association (BIA) was founded in Sofia in 1980. It has 3118 direct members (by the end of 1999) and 57 branch associations and 29 regional member associations. The BIA membership encompasses more than 14 000 companies from the private, state and co-operative sectors, both large and small and medium sized enterprises as well as multinationals. Its member companies account for more than 75% of the GNP. The BIA is a voluntary and one of the largest employers and entrepreneurial organisations in Bulgaria. It has been recognised for leadership in representing the industrial enterprises from the public, private, co-operative and municipal sectors (www.bia-bg.com).

BIA is a member or is represented in the following international organisations such as the International Employers Organisation, International Chamber of Commerce, Union of Industrial and Employers' Confederations of Europe (UNICE), International Labour Organisation, EU – Bulgaria Joint Consultative Economic and Social Committee.

BIA is represented in more than 18 bodies and commissions at the Parliament, Government and Ministries, such as the National Council for Tripartite Cooperation, National Council for EU Integration, Agency for Small and Medium-sized Enterprises (SMEs), National Council for Protection in Unemployment and Employment Encouragement, National Council of Professional Qualification, National Accreditation Service

BIA is constantly involved in the process of elaboration of up-to-date policies, instruments and provision of services to assist the Bulgarian manufacturers to adapt to the requirements of the international markets and to improve their competitiveness. These encompass:

- setting up of a large regional infrastructure, including the regional industrial associations and Internet business centres which enable the direct contacts in local industry and provide awareness of the specific problems;
- drawing up of analysis by regions and by sectors to identify the strengths and the weaknesses of the existing regional policies and initiatives and to introduce relevant improvements;
- development of credit schemes and mechanisms for securing credits for SMEs;
- provision of consultancy and advise to starting entrepreneurs for the development of investment projects;
- enhancing the opportunities of Bulgarian industry for the attraction of foreign investments;
- support to businesses, especially small and medium sized, through the provision of business information services and dissemination of market, and technical information;
- introduction of advanced information and telecommunication decisions;
- building up of a vocational training infrastructure utilising the opportunities of the Internet network and Internet based training methods and approaches /ODL, virtual training etc./ to facilitate the access to training and up-to-date training materials; elaboration of training programs for acquainting the representatives of business and industry with the Acquis;

- elaboration of measures for increasing the competitiveness of Bulgarian enterprises, the promotion of a quality policy that affects the overall performance of companies, the introduction of technical and quality standards;
- maintaining a databank of 8500 joint stock companies with constantly up-dated information about their management, capital structure, balance sheets for the past 5 years, shares' price etc, as well as a databank of other active 30 000 companies.
- - running the Internet Business Centre at BIA and providing a great variety of on-line information services developed with the purpose to serve businesses on national and on regional level.

BIA has an important role in supporting the wide implementation of the Quality Management and facilitation of the Certification including:

- Representation/Participation at the Accreditation Council with the Bulgarian Accreditation Service, TC for Standardisation,
- Running the Clean Industry Centre (Training and Management Consulting for implementation of ISO 9001/2/3 and ISO 14001) employing a third party QMS auditor
- Intellectual Property Centre (1997) and Intellectual Property Arbitration Court,
- Providing Holographic Label of the validated producer and issuing Certificates of Origin.

BIA also has the exclusive registration authority for the different digital certificates - *GlobalSign* on the territory of Bulgaria which cover the e-commerce, confidential and authorised data exchange, electronic notary services and arbitration, etc.

BIA is also granted with the exclusive right for the distribution and maintenance in Bulgaria of an electronic commerce system that operates under the Global Technology System (GTN) in 38 countries world-wide. The objective of the system is to enhance domestic, regional and international trade for the benefit of Bulgarian small and medium enterprises – as part of new Balkans regional trade initiative.

ANNEX 7

BULGARIAN CHAMBER OF COMMERCE AND INDUSTRY

The Bulgarian Chamber of Commerce and Industry /BCCI/ is a nationally represented horizontal non-profit organisation with about 36000 associated members, registered in the Trade Register at the Chamber and about 800 titular member companies. Its activities and provided services cover the whole geographical territory of Bulgaria through the nationally represented membership, on one hand, and through the network of the 26 regional chambers of commerce, on the other. Its priorities concern the representation and advocacy of the interests of its member companies and of the business circles and entrepreneurs in the country.

The Bulgarian Chamber of Commerce and Industry is one of the main representatives of the interests of the Bulgarian entrepreneurs. The Chamber and the whole network of 26 independent regional chambers of commerce and industry, incorporated in a nationally represented structure, represent and advocate the interests of their members of the business community as a whole towards the official authorities, by applying modern representation techniques and successful lobbying approaches. To this purpose of particular importance is the maintenance and further improvement of the corporate image of the Chamber and development of the established close contacts with SMEs with a view of successful meeting of EU accession requirements.

The BCCI is the host organisation of the Euro Info Centre (EIC) - Sofia (BG 805). This is a real advantage for all its members and for the business community as a whole, whose interest the Chamber represents. The Centre provides services to companies from various branches, predominantly SMEs. With its activities and services the Euro Info Centre complements and enriches the whole package of services, provided by the BCCI for assistance and support of national business circle.

The BCCI is a part of the integrated international network of chambers of commerce throughout the world, maintaining direct contacts with 200 of them. The BCCI is a member of ICC-Paris, Eurochambres, WTCA, Association of the Balkan Chambers, Association of the Chambers of Commerce of the Black Sea Zone, International Employers Organisation, International League of Competition Law, International Vienna Council, EAN-International and International Exhibition Bureau (BIE). With all these organisation develops various joint activities and events. Through its international contacts and membership the BCCI represents the interests of its members and of the Bulgarian business circles on an international level.

The BCCI has a representation office in Brussels, which functions as an outpost of the Chamber in the EU and facilitates its relations with the EU authorities and structures.

Provided Services:

- registration of Bulgarian businessmen and foreign persons' agencies in the BCCI Trade Register;
 - issuance and verification of foreign trade documents and certificates;
 - assistance in obtaining business visas;
 - organising of business meetings and forums, business missions and other events in the country and abroad;
 - organising of company representations;
 - participation in international projects;
 - organising of workshops, seminars, round tables and other forms of training and public discussions;
 - provision and dissemination of business information and access to international data bases;
 - Internet services;
 - provision and dissemination of EU aquis (BCCI is a host organisation of the EIC-Sofia and 5 RCCI are also hosts of EICs);
 - bar-coding of goods in accordance with the standards of EAN-International;
 - seminars on quality management and DIN EN ISO 9000 training;
 - business consultancy;
 - organising of fairs and exhibitions;
 - trade facilitation services by implementation of the UN/ECE/ CEFACT recommendations;
- arbitration court for hearing and ruling on international and domestic arbitration cases and disputes.

STATUS AND FUNCTIONS OF THE DISTRICT REGIONAL DEVELOPMENT COUNCILS AT THE DISTRICTS ADMINISTRATION

The districts development councils have been established in accordance with Regional development act, Art. 9(1).

As it is stipulated by the regional development act Art.9(1) the Chairperson of the District Development Council is the District Governor, its members being the mayors of all the municipalities in the district, together with one of the representative of the Municipal Council of each and every municipality.

In accordance with Art. 4(2) the District Governor (Chairperson) has the authority to invite to the Council's meetings representatives of Regional Associations of Municipalities and other persons (physical and legal entities, civic associations and NGOs) related to regional development.

In compliance with Art.9, section 4 the District Governor may assign agreements for association with other districts in order to implement activities related to district development and above district scope and importance.

In compliance with Art.9 section 5 Planning regions are formed on the basis of agreements according to section 4. Plans for their regional development may be elaborated and implemented jointly.

The following 6(six) planning regions corresponding to EUROSTAT NUTS II level are formed:

NORTH-WEST PLANNING REGION

1. District of Vidin
2. District of Montana
3. District of Vratza

NORTH-CENTRAL PLANNING REGION

1. District of Rousse
2. District of Pleven
3. District of Lovech
4. District of Veliko Turnovo
5. District of Gabrovo

NORTH-EASTERN PLANNING REGION

1. District of Varna
2. District of Dobrich
3. District of Shoumen
4. District of Razgrad
5. District of Silistra
6. District of Targovishte

SOUTH WESTERN PLANNING REGION

1. District of Sofia Greater Municipality (Metropolitan)
2. District of Sofia
3. District of Pernik
4. District of Kyustendil
5. District of Blagoevgrad

SOUTH-CENTRAL PLANNING REGION

1. District of Plovdiv
2. District of Stara Zagora
3. District of Pazardzhik
4. District of Haskovo
5. District of Kurdzhali
6. District of Smolyan

SOUTH-EASTERN PLANNING REGION

1. District of Bourgas
2. District of Sliven
3. District of Yambol

DISTRICT DEVELOPMENT COUNCILS MAIN FUNCTIONS

1. Coordination of activities in connection with the elaboration and up-dating of the development plans.
2. Adoption of the development plans.
3. Controlling of the development plan implementation.

ANNEX 9

STATUTE AND FUNCTIONS OF THE REGIONAL UNITS WITHIN THE GENERAL DIRECTORATE “REGIONAL DEVELOPMENT AND ADMINISTRATIVE AND TERRITORIAL STRUCTURE” AT THE MINISTRY OF REGIONAL DEVELOPMENT AND PUBLIC WORKS /MRDPW/

With the adopted by Decree of the Council of Ministers No. 220 from 30th November 1999 “Organisational Rules of the MRDPW” and the List of Staff of the employees at the MRDPW, Territorial Centres for Development have been created. They are situated in the district centres as follows:

1. North West Planning Region: in Vidin town
2. North Central Planning Region: in Veliko Tarnovo
3. North East Planning Region: in Varna
4. South West Planning Region: in Sofia
5. South Central Planning Region: in Plovdiv
6. South East Planning Region: in Bourgas

The main functions of the centres are:

1. To coordinate the activities of the District governments regarding elaboration of a common Plan for Development at a region level of planning as a part of the National Development Plan;
2. To coordinate the activities and to establish relationship between the central, district, local governments and others;
3. Consultations and training in development of plans /strategies for development, programmes and projects; realisation of projects and programmes for socio-economical development, financed by national and foreign resources/;
4. Information about execution of national and international programmes and projects;
5. Support of a data base for socio-economical development on a region for planning level;

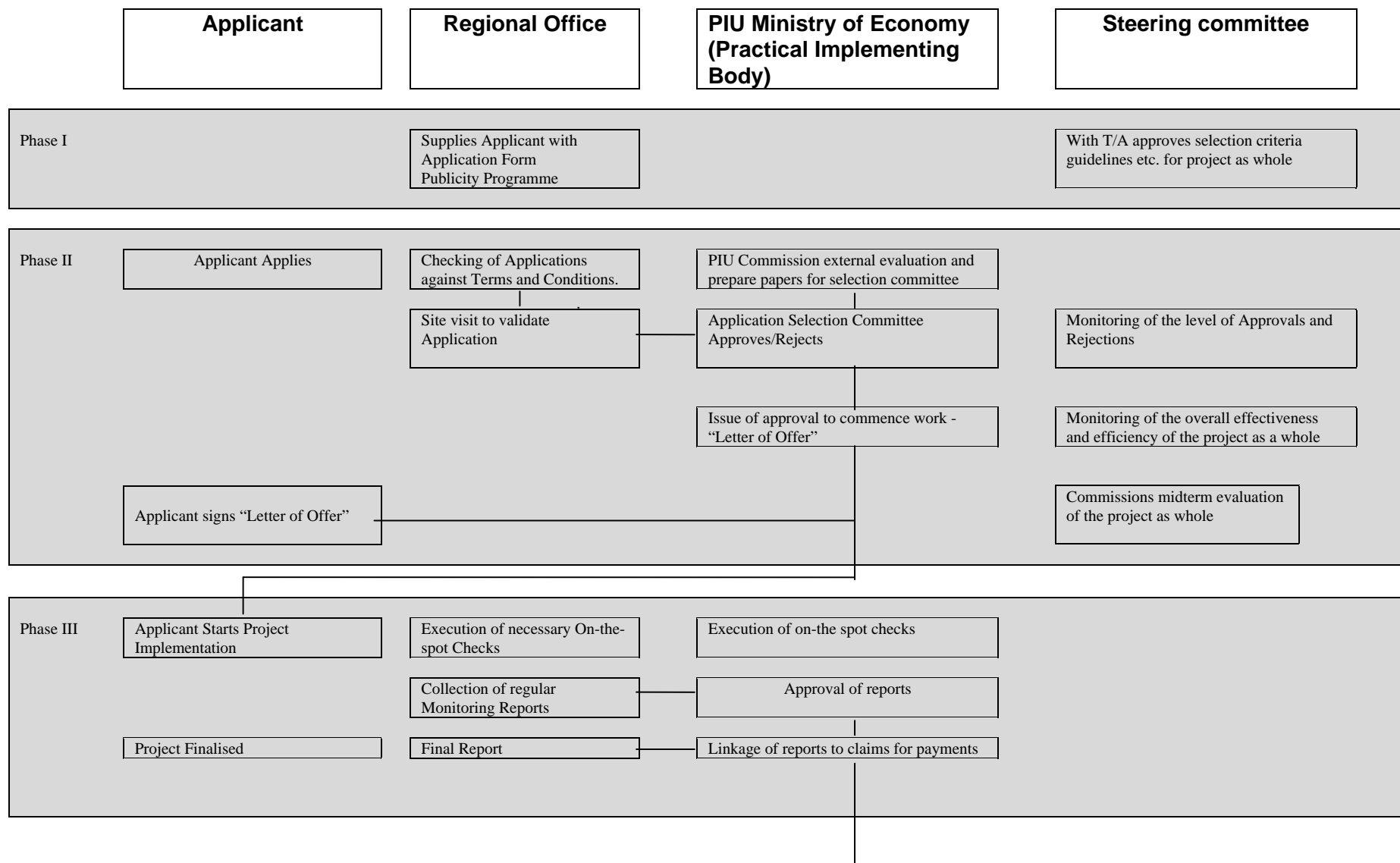
Territorial centres structure:

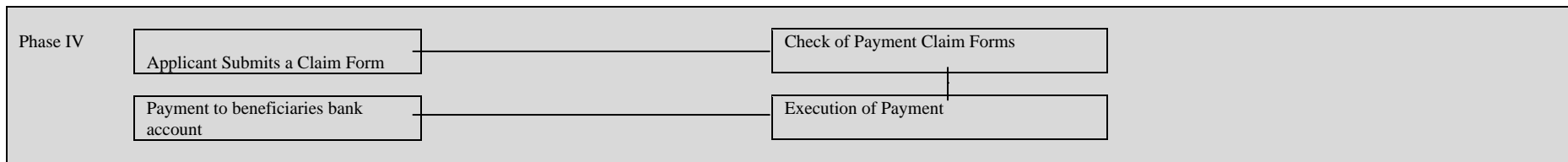
Chief of Department – 1 person

Experts – from 5 to 7 persons.

The territorial centres are on a direct submission of the Directorate “Economical and social cohesion” within the General Directorate “Regional Development and Administrative and Territorial Structure” of the Ministry of Regional Development and Public Works.

Annex 8d
APPLICATION FLOW





ANNEX 10

B A R D A

Bulgarian Association of Regional Development Agencies and Business Centres

BARDA was established in 1977 as an umbrella association of independent regional and local economic development agencies and business support centres in Bulgaria. It brings together representatives from public and private sectors in order to promote regional economic and enterprise development. BARDA acts as a forum for coordination of information and services, development of joint projects, attraction of investments, funding, national and international programmes.

The agencies encourage the local initiatives, diversification and investments. Their strategy is targeted towards income generating and employment creation. The private enterprises and the SMEs, in particular, are crucial for improvement of the Bulgarian economy. The strengthening of their potential is one of the main goals of BARDA members. They work for the implementation of the SMEs' policy in Bulgaria.

The goal of BARDA as an association is to create a sustainable national net of stable regional centres and agencies. It works together with the Government, the relevant Ministries and some public and private organisations. BARDA gives its members the possibility to work together for the realisation of national and international programmes. An information system shall be established to serve the needs of information.

Thus far, BARDA includes 19 organisations as follows: Regional Development Agency /RDA/ – Bourgas, Regional Agency for Economic Development /RAED/ - Blagoevgrad, RDA - Vidin, RDA Varna, Regional Development Centre /RDC/ - Pazardjik, Centre for Business Support – Plovdiv, Centre for Business Support of SMEs – Rousse, RDA Smolian and others.

The agencies and centres employing local personnel provide support services to businesses and municipalities in their regions including: business consulting, training, business plan assistance, information on markets, machinery, credit and investment possibilities, exhibitions and other assistance as well.

BARDA is an acknowledged partner of many national and international organisations when implementing the policy in the field of support for the SMEs in Bulgaria.

A Board of Directors is managing BARDA. Its members are representatives of the member agencies. In July 1998 was created a Coordination Bureau (an Executive Secretariat of BARDA) in Sofia.