

STANDARD PROJECT FICHE

1. Basic Information

1.1. Desiree Number BG 0201.01

Twinnig code: BG02/IB-FI-01

1.2. Title: Strengthening the Administrative Capacity of Bulgarian Trade Promotion Agency

1.3. Sector: Economic Development - IB/TA

1.4. Location: Bulgaria

2. Objectives

2.1. Overall objective:

Wider Objective:

- The wider project objective, being in line with the Copenhagen Criteria, is to direct and strengthen the national business and trade development and promotion policy and its institutional framework leading to the increase of the capacity of Bulgarian economy to cope with competitive pressure and market forces within the EU.

Immediate Objective:

- Improvement of the public-private partnership with the aim to increase the competitiveness of the Bulgarian enterprises and encourage the export orientation of the productive sector.

2.2. Project purpose:

Strengthening the administrative capacity of the Bulgarian Trade Promotion Agency (BTPA) for implementing the international aspects of national business policies and strategies.

2.3. Accession Partnership and NPAA priority

Accession Partnership specifies the following short and medium term priorities as relevant to the project:

- develop and implement a market-oriented competitiveness strategy, including sectoral strategies as appropriate
- promote competitiveness through market-based enterprise restructuring, take measures to improve the business environment and stimulate domestic and inward investments;
- strengthen market economy institutions;
- implement further measures to improve the operating environment for private sector enterprises.

NPAA 2001 sets out the following priorities in this sector:

- increasing the competitiveness of the Bulgarian producers and supporting their export orientation;
- improving the quality of services and reporting of the administration; simplifying the interaction between the state administration and its customers;
- facilitating access of the private sector to information delivered by the state administration;
- benchmarking the performance of industrial sectors and the enterprise policy;
- benchmarking of the export promotion policy;
- export promotion through improvement of the information flow on the foreign markets from governmental and non-governmental organizations to the industrial enterprises.
- enlarging the co-operation between Bulgarian industrial organizations with European industrial organizations.

2.4. Contribution to National Development Plan

The Strategy for Improvement of the Productive Sector, integral part of the National Economic Development Plan (*Second Development Axis – Boosting Bulgarian Business Competitiveness*), is based on the main principles of Council Directive 96/413/EC, which contains an Action Programme for Strengthening the Competitiveness of the European Industry. The main objective of this Strategy in the part of the industry is building dynamic and competitive industrial sectors by encouraging the growth of vigorous enterprises able to function in a market economy and capable of achieving sustainable growth. The Ministry of Economy handles the overall implementation and monitoring of the Industrial policy of the Republic of Bulgaria. Various other governmental organizations (i.e. the Privatization Agency, BTPA, BEIA, ASME, BFIA), as well as non-governmental organizations, such as branch chambers, unions and associations, take active part on permanent basis in the formulation of the sector analysis and policies, as well as in their monitoring and implementation.

Being in conformity with the abovementioned objectives, the project will contribute to implement the industrial policy in the area of competitive business environment as covering some of the measures stated in the NEDP. By strengthening the administrative and operative capacity of BTPA, as to promote enhancement in the market economy development and improve the performance of business policies and strategies, the project aims to achieve results upon some of the sub-programmes planned in the 1st Programme (Industry) of the NEDP:

- Sub-programme 1: Enhancing viability of the industrial enterprises
- Sub-programme 3: Encouraging the export orientation of the productive sector

The project is also in coherence with the overall assessment given with the **2001 Regular Report** of the Commission on the Bulgaria's Progress towards Accession (Chapter 15- Industry), where stated that:

*"...The Ministry of Economy generally plays a pro-active approach to industrial policy for the sectors for which it has responsibility. Now that privatisation and restructuring is nearing completion, the Ministry is re-orienting its role away from the control of state enterprises and towards the wide-ranging reforms necessary to create a more favourable business environment. **This will require the Ministry to strengthen its co-operation with other ministries and public agencies and to consult with business organisations on an equal and transparent basis....**While the Ministry of Economy has successfully implemented policies for macroeconomic stability, it also needs to play a more pro-active role in developing and implementing **economic strategies to encourage private sector development. The capacity and profile of the Foreign Direct Investment Agency and Centre for Export Promotion could usefully be enhanced.**"*

3. Description

3.1. Background and justification:

Bulgaria, as one of the applicants for membership in the European Union, has to fulfill many demanding requirements during the pre-accession period. One of them is to bring enterprises into line with Community standards. The fact how enterprises in Bulgaria will be able to cope with the competitive pressure and market forces during the EU accession will have a significant influence on the character and duration of this period.

Regardless of the opportunities that the stable macroeconomic frame creates for business strategy development, most companies still carry on their business intuitively, i.e. without strictly defined goals and ways to achieve them. The last survey of the World Economic Forum on business competitiveness shows that the results on the quality of marketing in Bulgaria are negative (it comes last in the list of the WEF Report), with more than 70% of the respondents thinking in this way. Along with other problems and because of the lack of quality marketing strategies, the export-oriented companies in Bulgaria have directed their exports primarily to one or several international

markets, i.e. their production meets the needs and requirements of a limited circle of consumers, and it may be difficult to direct it to more markets.

This situation leads directly to the need of founding the systematic, long-term approach towards business development and promotion. The export promotion, what has been proven in the long standing economic practice of the EU member states, plays a vital importance and creates favorable conditions for the development of the whole spectrum of international economic cooperation, in particular in the field of foreign trade and investments. National long-term International Economic Treaties, participation in the World Trade Organization or use of the traditional financial or custom instruments is not sufficient to achieve a high level of international economic activities and to maximize its benefits. Those activities must be accompanied by effectively organized and executed system of business promotion comprising both export, foreign investment and technological promotion, not mentioning the other important aspects of international economic cooperation which altogether determine the further economic development. This leads to the conclusion that a coherent and modern strategy of business development and promotion must be elaborated. Further more, such a national strategy will be a pre-requisite for the future participation of Bulgaria in the EU Structural Funds and effective absorption of financial aid for its Operational Programme “Economic Development”.

As mentioned in the ex-ante evaluation of the NEDP, urgent steps in attracting FDI and increasing exports need to be undertaken. “The factors for Bulgaria’s current situation are, perhaps, more complex then suggested and the remedies proposed are only partly tested.” This leads again to the conclusion of that a complex strategy for business development and promotion should be prepared so as first to analyse the current situation and gaps, and secondly to formulate the action plan for further actions. Such an approach is also very well distinguished in the Government Programme stating that amongst the main priorities of the country is:

- “National industrial policy – in conformity with the process of globalisation and effective instrument for social-economic growth”
- “Foreign Trade to become a real factor for macroeconomic stability”

This project aims at strengthening the administrative capacity of the Bulgarian Trade Promotion Agency (BTPA) in its role to be the coordinator between the various public institutions and private business sector in regard to international business activities. **With Council of Ministers’ Decree No. 288/18.12.2001, the Export Promotion Center was closed, and an Executive Agency for Trade Promotion at the Ministry of Economy was created.** As stated in the Decree (art. 2), the Agency is organizing and coordinating the activity of the state authorities, public organizations, non-government organizations, the local authorities and other juridical bodies in the field of trade promotion. The maintenance of the Agency for Trade Promotion is formed by the state budget, as well as by its own incomes. According to the internal regulation, BTPA:

- Maintain direct liaison with Bulgarian governmental and non-governmental organizations for implementation of the national export strategy, and elaborate opinions and proposals for improvement of the said strategy (BTPA Statute, Art.12, item 7).
- Coordinate work on the implementation of priority projects and programmes in the field of foreign trade, designated by the Government (BTPA Statute, Art.12, item 12).
- Programs proposals and implementation for the realization of pro-active national promotion of the Bulgarian economic potential (BTPA Statutes, Art.12, item 19).

Detailed information on the internal regulations of BTPA is given in separate Annex to the project fiche (Annex 5).

The project is designed as to assist BTPA in implementing those activities by: (1) strengthening its capacity, and (2), by applying the Best European practice, to start implementing some of its activities in more contemporary way. One of the first outputs to be delivered by this project is preparation of the international component of the National Strategy for Business Development and

Promotion, which aims to adapt the Bulgarian foreign trade promotion policies and implementation instruments in line with the EU Best-Practice and EU requirements. It is foreseen this strategy to be openly discussed with different public institutions and business organizations. In this respect the policy, even though it is intended for the medium term, will be topical, with slight periodic modifications, for the whole pre- and immediate post-accession period. In order for the strategy for business development to become a reality and to contribute to the economic development and business growth, participation in the process of all interested and necessary parties is crucial.

One of the major market failures this project is also designed to overcome is lack of co-ordination and under-provision of public goods, such as education, training, infrastructure and certain type of research in the field of the international business enhancement. Consultative mechanisms between government and the private sector are proving to be an important means to generate clarity, focus and support for competitiveness policies. In the case of Bulgaria there is a chronically insufficient flow of information and communication between government and business. Businesses operate without full knowledge of policies and rules, and public decision-making is ill informed by awareness of the consequences of public actions for private outcomes. Under these conditions, entrepreneurs face greater business uncertainty and unnecessary costs in anticipating and avoiding unpredictable regulatory burdens. In general, the lack of information and consultation reduces government accountability and may increase bureaucratic discretion, especially in terms of international trade, investment and tourism regulation.

Therefore this project seeks to strengthen the role and actions of the of BTPA, which can be determined through the three components that make up its core activities:

- i) The provision of policy analysis and advice to Government – leading to legislative and regulatory actions in the field of international business and trade development;
- ii) Ensuring the provision and co-ordination of a range of international ‘business development’ services directly or indirectly to enterprises to assist them in their current and future trade/business development actions;
- iii) The co-ordination and linkage with other government and non-government organisations involved in providing services to enterprises, in order to assist the development in Bulgaria of an effective “institutional infrastructure” for enterprise international business support.

3.2. Linked activities

Phare funded projects are underway, the results of which will complement the overall objective of the present project:

☒ BG 0002.01 Strengthening the capacity of the Ministry of Economy

The project objective is to restructure and re-orient the Ministry of Economy, and equip it to develop economic and sector policies to foster competitiveness and growth by enhancing the organizational structure; clearing inter-departmental lines of communication and information; reviewing the existing Management Information System and recommendations for further development in line with the Government’s overall information strategy; strengthening the capacity for economic analysis and forecasting, and for developing and implementing industrial and sector policies; giving recommendations for legislative changes to implement agreed enterprise, industrial and sector strategies.

☒ BG0103.01 Strategic Policy Making and Co-ordination

The overall objective of this project is to strengthen the capacity and abilities of the administration of the Council of Ministers in the area of strategic planning, co-ordination of policy design and implementation, and policies’ impact assessment. In particular with regard to those policies aimed at preparing Bulgaria for membership of the EU. It is expected that the project will result in improvement of the quality of new legal acts, coherent strategies and policies preparation based on comprehensive preliminary analysis, developed system for inter-ministerial coordination, central government regional coordination, enforced procedures for social and economics partners consultations.

⊗ **BG0004.02 Investment in Business Incubators in Areas of Industrial Decline**

The rationale behind the project is to help solve accommodation problems of start-ups and existing private businesses and to enable them to reduce their production and operating costs by providing access to common services and equipment, incl. foreign markets information, giving them the opportunity to increase their export results.

Other Donors' funded projects:

⊗ **Establishment of Bulgarian Economy Representation Bureau in Frankfurt/M.**

The project is a part of item 2.1.2 "Promotion of economic reforms, trade and SMEs, and economic entities partnership" of the Joint Protocol of Intergovernmental discussions between the Ministry of Economy and The Federal Ministry of Economic cooperation and development within the Economy and Employment development Programme of the Germany Technical Assistance (GTZ) for Bulgaria.

⊗ **Key Industry Policies Formulation**

The project is in process of implementation by the Japan International Cooperation Agency (JICA) within the Japan Technical Assistance for Bulgaria. The project main objectives are to identify Bulgarian industrial sectors with growth potential and to draw up measures that will ensure further economic development and competitive Bulgarian export oriented sectors improvement.

3.3. Results

- Elaborated international components of the National Strategy for Business Development and Promotion;
- Review of the legal framework related to the BTPA, review of the relations of the Agency with other institutions and recommendations for their improvement;
- Business Plan for development of BTPA for the years 2003-2006 ready for implementation;
- Human Resources Development Strategy for BTPA staff developed; Well-trained professionals to analyze internationaleconomic and foreign trade trends, to create corresponding policy and to evaluate effectiveness of delivery instruments.
- Established working model for coherent and effective network of business support services for the enterprises provided by central, regional and local institutions in the field of international business promotion and development;
- Elaborated methodologies for transparent, efficient and systematic public-private dialogue on international business & trade perceptions and further development;
- Export oriented training materials delivered;
- Elaboration of "Business Forum Website", with respective links inside and outside the country.

3.4. Activities

The activities within this project will be delivered through a Twinning Covenant, while covering the following measures:

1. Institutional Framework for Trade Promotion and Foreign Trade Development Review

Within the inception period of the present project the beneficiaries together with their Twinning partner (an European Trade Promotion Organization) should:

- Review and analyze relevant primary and secondary legislation in the sphere of foreign trade directly related to the activities of BTPA (including recent amendments passed by the Bulgarian Parliament)
- Review of the institutional framework for international business support provided to Bulgarian enterprises

- Review and analyze the current organization of BTPA.
 - Defining the role of the BTPA in the implementation of international components of the National Strategy for Business Development and Promotion
 - S.W.O.T. analysis of the BTPA
 - Assessment of personal and financial needs of the BTPA

2. Elaboration of the international components of the Strategy for Business Development and Promotion

- Defining the present situation of the Bulgarian business environment in regard to international business activities - foreign trade, investment, tourism and others;
- Defining the strategic goals, objectives and priorities of the Strategy;
- Defining actions and specific measures for International Business Development and Foreign Trade Promotion;
- Mechanisms and operational guidelines for the delivery of structural assistance to business development & trade promotion adapted/established on the basis of Structural Funds' principles
- Trade capacity development and company competitiveness enhancement – lowering the cost of foreign trade activities
- Public-private partnership enhancement for international business development

3. Elaboration of a Business Plan for development of BTPA for the years 2003-2006

- Defining the role and specific actions of the BTPA in the implementation of international components of the National Strategy for Business Development and Promotion
- BTPA Business Plan and Action Programmes
- Human Resources Development Strategy for BTPA staff
- Preparation of a Training Plan
- Elaboration of schemes/programmes for targeted actions within the identified export priority sectors (i.e. food-processing industry, hi-tech industry, textile industry, machine-building industry, tourism, etc.)

4. Training sessions

- The training modules will cover issues in the frame of business development and promotion, i.e. International Trade Diagnosis; Planning and Strategy Development; Administrative Aspects of International Business; Product Development and Export Marketing Links; Sales and Negotiations; Cultural Aspects of International Business; Training Skills, etc.
- Delivering of training sessions to civil servants within the BTPA and other trade departments within the Ministry of Economy, for improvement their skills in regard to current development and expected changes toward EU accession. Training of civil servants should include: exporter-relation, solving of problems, trouble-shooting, intervention with target market authorities in support of individual companies (service orientation of staff), organisation of events and trade missions, PR campaigns, etc.
- Delivering of training sessions to stakeholders from the regions (*training the trainers*,) that will assist in planning and implementing a international business development strategy for individual companies and/or industrial sectors. The participants will receive relevant materials on financial, customs issues, international standards, intercultural aspects of international businesses, negotiation skills, etc.
- The regional trainers who pass through the specialized training courses start implementing the planned activities by regions and industrial sectors in accordance with the already approved strategy and the respective business and training plans. The BTPA staff and foreign experts (specialists in the field of foreign trade and promotion) will support them in the first workshops that will be delivered. Manuals, handbooks and guides "*Step-by-Step*" on international business activities will be produced, by giving detailed information covering the needs of specific

industrial sectors with potential for development. A specialized assistance provided by the Twinning Partner (delivered by medium- and short-term experts) in the field of IT-technologies is required, that will help BTPA in formulating and drafting technical specification for elaboration of a specialized CD to be used in the trainings, incorporating course business & foreign trade management software. This software will allow managers to accurately evaluate foreign trade opportunities, to check most favorable foreign markets, to find out market niches for their unique products etc. This CD will be Internet integrated, with build-in links to the BTPA site and other relevant Bulgarian and foreign sides and will be customised for Bulgarian companies. The CD will be subject to regular updates and the twinner will help design a methodology in this view.

Also, a Business Forum Website (BFW) operating in real time will be developed and implemented. The aim of the Business Forum Website (BFW) within BTPA is to support the business & export oriented community in Bulgaria with reliable and comprehensive economic information and to fill the gap of trade information and foreign market intelligence. The BFW will provide up-to-date information on foreign markets, customs, tariffs and import regulations, international prices, relevant events, practical advice, useful addresses, “trade leads”, etc. It will also provide the opportunity for a Bulgarian and foreign companies to place there an offer or inquiry and a possibility of automatic “match making”. The BFW will be linked to respective sites inside and outside the country, i.e. to the Euro Info Centers network, in order to provide that the software and hardware systems are established in a synergy, as well as to exchange useful information between them. The BFW will provide web accessible database, and for this purpose specialized registers will be created and up-dated such as:

Register of Bulgarian Exporting Companies

- ✓ Register of International Promotion Events
- ✓ Data-base of Foreign Partners
- ✓ Data-base of Investment Opportunities
- ✓ International Market Rules (i.e. EU Internal Market)
- ✓ Trade Agreements of Bulgaria

For the practical implementation of the software and the BFW, the Twinning Partner together with the CFCU should arrange for sub-contracting this activity through private business input, following the Reference Manual for “Twinning” Arrangements and the Practical Guide for PHARE, ISPA and SAPARD. The two sub-contracts are foreseen to not overcome €50.000 each.

3.5. Lessons learned, assessment and results multiplication

Under Phare BG 9603 – Export Development, Bulgaria received assistance with the objective to increase the profitable export of Bulgarian products, to contribute to employment creation etc. The most important recommendation by the EU Commission was that any trade promotion agency should be an autonomous body. Consequently, that any Government influence should be indirect, through a Coordination Committee. A recommendation was given for transforming the existing Bulgarian Export Promotion Centre in a functionally independent agency. In reply to that, the Council of Ministers has officially promulgated in the State Gazette its Decree No. 288/18.12.2001 for the establishment of Bulgarian Trade Promotion Agency as an executive one, giving the Agency the respective administrative status and power to act independently (*more information on the status, internal regulation and the general activities of the Agency is given in Annex 4*).

These ‘lessons learnt’ have been considered and incorporated in the justification of the project, to the development of the projects activities and implementation procedures.

4. Institutional Framework

Tendering, contracting and payments will be managed by the Central Finance and Contracts Unit (Ministry of Finance).

The Ministry of Economy will be responsible for the technical implementation of the project following the Phare procedures and regulations.

Ministry of Economy, as well as high-level professionals designated by the principal stakeholders, representing ministries, relevant agencies and non-governmental organizations will establish a **Steering Committee**, chaired by Deputy Minister of Economy. The Committee will review and approve project plans, progress and results, determine selection criteria for companies and training/consulting providers participating in project activities, and address other important issues of project focus, implementation and practical input.

Key members of the Steering Committee are: representatives from EC Delegation, Council of Ministers, Ministry of Economy, Agency for SME, Bulgarian Foreign Investment Agency, Agency for export insurance as well as from national partners - the Bulgarian Chamber of Commerce and Industry, the Bulgarian Industrial Association, the Union of Employers in Bulgaria and others (EuroInfoCentres).

The Bulgarian Trade Promotion Agency will be direct beneficiary on the project.

5. Detailed Budget

	Phare	Support				
	Investment Support	Institution Building	Total Phare (=I+IB)	National Co-financing*	IFI*	TOTAL
<i>Twinning Covenant</i>		1.5 MEUR	1.5 MEUR			1.5 MEUR
Total		1.5 MEUR	1.5 MEUR			1.5 MUR

6. Implementation Arrangements

6.1. Implementing Agency

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

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The technical implementation of the Project will be the responsibility of the Ministry of Economy, whose main functions will be the day-to-day co-ordination and implementation of the project activities. In this respect, the MoE will ensure that all activities to be provided will be undertaken in strict accordance with the agreed work plan and Practical Guide procedures. The relations between the MoE and the CFCU should be set out in a Memorandum of Understanding.

Ministry of Economy
Mrs. S. Kassidova, Deputy Minister
8, Slavyanska Str - 1000 Sofia

6.2.Twinning

Whilst a significant twinning component is envisaged for this project, a twinning covenant will be sought with EU Member State. The budget for the project contained in Section 5 has been based on 18 months twinning partnership. This component will be implemented through a Twinning Covenant with 1 Pre-Accession Advisor (PAA), 1 Project Leader level expert, and a team of medium- and short-term advisors. The assignment of the PAA will last 18 months. The necessary medium and short-term expertise and the training needs will be defined within the framework of the twinning covenant. The PAA will have the following profile:

- Sound theoretical and practical experience in a MS Trade Promotion Agency;
- Good knowledge in institutional building of economic promotion system;
- Experience in developing Foreign Trade policy;
- At least 5 years working experience at EU Member State's Business/Trade/Export Development Agency;
- Practical experience and achievements in interinstitutional aims' redefinition;
- Good practical experience of monitoring and evaluation activities;
- Leadership experience;
- Experience in implementation of new methodological and organisational solutions;
- Excellent inter-personal and communication skills;
- Initiative and co-operative attitude;
- Fluency in English

The guaranteed results for this component should include:

- Institutional Framework for Trade Promotion and Foreign trade Development Review implemented;
- Comparative analysis of the Best International Practice in "Business & Foreign Trade Development" organizations, with specific focus on EU requirements, is prepared;
- Elaborated Strategy for International Business Development and Promotion;
- Business Plan for development of BTPA for the years 2003-2006 ready for implementation;
- Elaborated methodologies for transparent and efficient systematic public-private dialogue on business perceptions and further development;
- Establishing a working model for systematized, coherent and effective framework of Foreign Trade oriented business support services provided by central, regional and local government institutions in the field of export promotion and development.
- Well-trained professionals to analyze Economic & Foreign Trade trends, to create corresponding Business Development and Trade Promotion policy, to provide professional and practical helpful services to business operating abroad and to evaluate effectiveness of delivery instruments;
- Training plan for companies to be trained during the Second Project Component are prepared.
- Training materials (handbooks, manuals, guides) delivered;
- Specialized software, incorporating course business & foreign trade management, as well as Business Forum Website, designed and elaborated.

6.3.Non-standard aspects

There are no non-standard contracts or tender procedures envisaged within this project. The Reference Manual for "Twinning" Arrangements and the Practical Guide for PHARE, ISPA and SAPARD will be followed.

6.4.Contracts

The project is to be implemented through a Twinning Covenant – amount 1.5 MEUR.

7. Implementation Schedule

7.1.Start of tendering/call for proposals

Start of searching for Twinning partner: June-December 2002

Twining Covenant signed – January 2003

7.2.Start of project activity

Twining covenant launched – March 2003

7.3. Project Completion

September 2004

8. Equal Opportunity

The project will be implemented according to the regulations of Bulgarian law providing equal opportunities for both men and women together with ethnic minorities. Twinning authorities will be expected to comply with EU Equal Opportunity policy and legislation.

9. Environment

The project has no environmental impact

10. Rates of return

Not applicable.

11. Investment criteria

Not applicable.

12. Conditionality and sequencing

The project will start after the signing of the financial memorandum between Bulgaria and the European Union, which is foreseen by the end of 2002. The legal basis relevant to the project is attached to the project fiche (Annex 4).

Annex 1
PHARE LOG FRAME

LOGFRAME PLANNING MATRIX FOR Project	Programme name and number	
Strengthening the Administrative Capacity of Bulgarian Trade promotion Agency	Contracting period expires 30 November 2004	Disbursement period expires 30 november 2005
	Total budget:	Phare budget:
	1.5 MEUR	1.5 MEUR

Overall objective	Objectively verifiable indicators	Sources of Verification
<u>Wider objective:</u> <ul style="list-style-type: none"> The wider project objective, being in line with the Copenhagen Criteria, is to direct and strengthen the national business and trade development and promotion policy and its institutional framework leading to the increase of the capacity of Bulgarian economy to cope with competitive pressure and market forces within the EU. <u>Immediate objective:</u> <ul style="list-style-type: none"> Improvement of the public-private partnership with the aim to increase the competitiveness of the Bulgarian enterprises and encourage the export orientation of the productive sector. 	<ul style="list-style-type: none"> Foreign Trade Increase; Improvement of the overall economic environment (macro-economic indicators: GDP growth up to 18,5 EUR bn, i.e. 4 % yearly; export increase by 6,3 % yearly; FDI increase by 20-25 % yearly) Improvement of the Bulgaria's competitiveness position at the World Economic Forum ranking 	<ul style="list-style-type: none"> National Statistics assessed by the NSI and National Bank BTPA Annual Report EUROSTAT IMF Statistics World Economic Forum Annual Report

Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Strengthening the administrative capacity of the Bulgarian Trade Promotion Agency (BTPA) for implementing the international aspects of national business policies and strategies.	<ul style="list-style-type: none"> • Elaborated, implemented and functional national policy in the field of international business development and promotion; • Increased level of business & trade support and its availability to the established and emerging foreign trading companies • 200 check-lists analysed • 150 interviews summarized 	<ul style="list-style-type: none"> • BTPA Annual Reports and Analysis • Project Progress Reports • Project Monitoring and Evaluation Reports 	<ul style="list-style-type: none"> • All actors involved in the Business Support framework assume their responsibilities in the field of international business promotion and development, reinforce their coordinated efforts and start implementing common business development and promotion strategy; • The priorities of export driven national development sustained;
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • Elaborated international components of the National Strategy for Business Development and Promotion; • Review of the legal framework related to the BTPA, review of the relations of the Agency with other institutions and recommendations for their improvement; • Business Plan for development of BTPA for the years 2003-2006 ready for implementation; • Human Resources Development Strategy for BTPA staff developed; Well-trained professionals to analyze international economic and foreign trade trends, to create corresponding policy, to provide professional and practical helpful services to business operating abroad and to evaluate effectiveness of delivery instruments. 	<ul style="list-style-type: none"> • International component for the National strategy for business development and promotion prepared; • The BTPA business plan approved by the MoE • 30 civil servants and representatives from partner organisations trained in international business and promotion issues • Training manuals and handbooks prepared (the number and scope depends on the training plan prepared during the first project component); 	<ul style="list-style-type: none"> • Project Progress Reports; • Project Monitoring and Evaluation Reports 	<ul style="list-style-type: none"> • The official Bulgarian trade representatives abroad work closely with BTPA; • Effective system for financial business support – Promotional Bank, Bulgarian Export Insurance Agency, Investment & Commercial Banks, Insurance Companies

<ul style="list-style-type: none"> Established working model for coherent and effective network of business support services for the enterprises provided by central, regional and local institutions in the field of international business promotion and development; Elaborated methodologies for transparent, efficient and systematic public-private dialogue on international business & trade perceptions and further development; Export oriented training materials delivered; Elaboration of “Business Forum Website”, with respective links inside and outside the country. 	<ul style="list-style-type: none"> Workshops (number) for companies from the identified industrial sectors BFW prepared and functioning 		
Activities	Means		Assumptions
<ol style="list-style-type: none"> Institutional Framework for Trade Promotion and Foreign Trade Development Review. Elaboration of the international components of the Strategy for Business Development and Promotion. Elaboration of a Business Plan for development of BTPA for the years 2003-2006. Training sessions delivered to civil servants within the BTPA and other trade departments within the Ministry of Economy; to stakeholders from the regions (<i>training the trainers</i>). Design and elaboration of a specialized software, incorporating course business & foreign trade management, as well as Business Forum Website 	<ul style="list-style-type: none"> Twinning Covenant 		<ul style="list-style-type: none"> Close and Effective Communication between other Business Support Institutions (BFIA, BCCI, BIA, BARDA, ASME, Sector Associations) Better coordination of Training institutions operating in Bulgaria

Appendix 2 : Implementation Chart

Project: Strengthening the administrative capacity of the Bulgarian Trade Promotion Agency

	2002										2003												2004											
Calendar months	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	J	A	S	O	N	D
Activities																																		
Preparation of ToRs		X	X																															
Identification of Twinning Partner				X	X	X	X	X	X	X																								
Approving the Twinning Covenant with EC Delegation										X																								
Signing the Twining Covenant											X																							
Start-up of Twinning Activities												X																						
Twinning implementation													X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
End of the Project																																X		

Annex 3

Contracting and disbursement schedule by quarter

Project title :Strengthening the administrative capacity of the Bulgarian Trade Promotion Agency															
Contracting	Cumulative contracting schedule by quarter in €m (provisional)														Total
	2002		2003				2004				2005				
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Twinning Covenant			1.5	1.5	1.5	1.5	1.5	1.5	1.5						1.5
Total contracting:			1.5	1.5	1.5	1.5	1.5	1.5	1.5						1.5
Disbursement	Cumulative disbursement schedule by quarter in €m (provisional)														Total
	2002		2003				2004				2005				
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Twining Covenant				0.1	0.2	0.5	0.8	1.2	1.4	1.5					1.5
Total disbursement:				0.1	0.2	0.5	0.8	1.2	1.4	1.5					1.5

ANNEX 4

THE BULGARIAN TRADE PROMOTION EXECUTIVE AGENCY

The Bulgarian Trade Promotion Agency was established in December 2001 as a Government executive agency to the Minister of Economy. It combined the knowledge and tradition of the Trade Research Institute, since 1963, with the originality and popularity of the Bulgarian Export Promotion Centre, established 1997. The staff of the Agency includes over 40 experts and specialists with recognizes qualifications and experience in the field of international and Bulgarian economic relations, commodity markets and marketing researches. The Agency is also working in close co-operation with a wide range of government institutions, industrial associations, companies, high schools, research organizations, etc.

The BTPA works with domestic and foreign companies on non-commercial basis, though some of the services will be paid in the future. The total number of Agency's customers exceeds 3000 for the domestic and 2000 for the foreign companies.

Goals

- To support the process of creation of the foreign economic policy and its implementation;
- To enhance Public-Private-Partnership development in the field of foreign economic relations;
- To give services to enterprises (special attention given to SMEs) in their business relations with financial and credit institutions;
- To assist Bulgarian companies to establish business contacts internationally and to connect foreign companies with their respective partners in Bulgaria;
- To offer comprehensive, integral and up-to-dated information and consultation in all aspects of the business;
- To help Bulgarian companies in their initiative to orientates themselves to the European markets by developing export strategies;
- To achieve close collaboration with branch associations and chambers, aiming to improve their role in the economy by providing to them business, price and contact information.

Current Partners and Clients

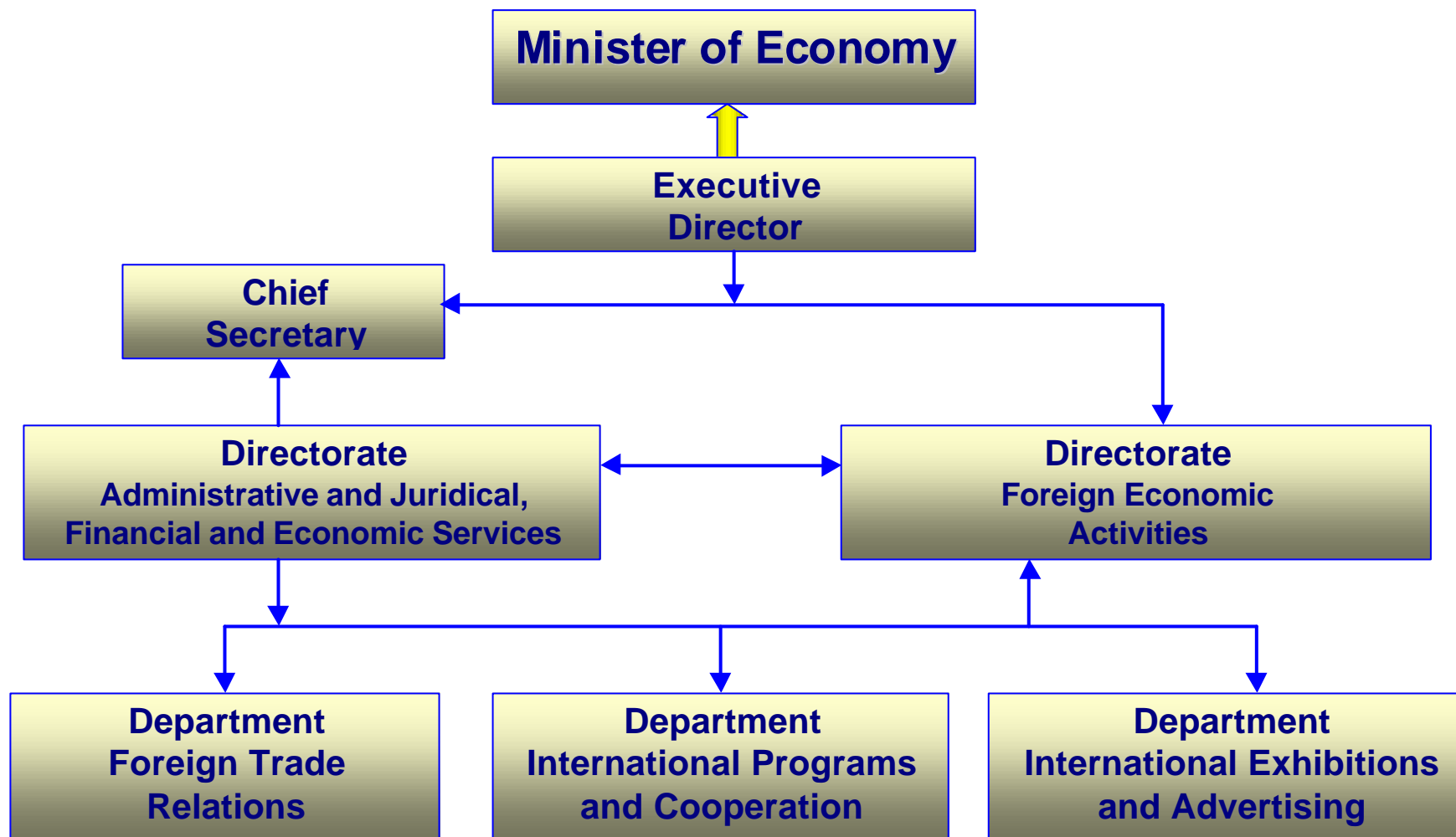
- Bulgarian companies – primarily small and medium sized enterprises that cannot afford to support their Marketing Departments;
- Foreign companies, seeking for potential partners in Bulgaria;
- Regional associations asking for price information or contact information to give to their members;
- Banks, asking for price information to help them evaluate the real exchange rate;
- Wide range of branch chambers and embassies.

Main Activities

- National export strategy development;
- Economic and market information;
- Consultation services and expertise of different commodities, countries and regions;
- Marketing studies on domestic and international markets;
- Comprehensive information & databases on trade volumes, process, tariffs and duties, taxes, national and international standards, non tariff barriers, exchange rates, etc.;
- Bulgarian companies profiles;
- Assistance in establishment of contacts with Bulgarian companies;
- Researches on trends in economic development, trade policies, transition process in Bulgaria and other countries from CEE, economic integration and admission of Bulgaria to the EU;
- Information on foreign trade regime and regulation, investment policies and industrial co-operation;
- Development of export strategies and plans;
- Information, organization and execution of promotional events in Bulgaria and overseas – participation to trade fairs, exhibitions, incoming and outgoing business delegations, business forums etc.;
- Organization of short-term training courses for exporters and importers;
- Publication of wide variety of brochures, price bulletins, directories of producers, exporters, importers and investors, catalogues and manuals, publication of “Foreign Trade” magazine – the only issue in the field of foreign trade relations of Bulgaria and others.

Bulgarian Trade Promotion Agency

Organization Chart



ANNEX 5

**REPUBLIC OF BULGARIA
COUNCIL OF MINISTERS**

**DECREE No. 40
DATED FEBRUARY 22, 2002
on Adoption of Rules of Organization of the Bulgarian Trade Promotion Agency
with the Minister of Economy**

Promulgated, State Gazette No. 23/1.03.2002

BE IT DECREED BY THE COUNCIL OF MINISTERS AS FOLLOWS:-

Sole Article. The Council of Ministers hereby adopts Rules of Organization of the Bulgarian Trade Promotion Agency with the Minister of Economy.

Prime Minister: **Simeon Saxe-Coburg-Gotha**
Secretary General of the Council of Ministers: **Sevdalin Mavrov**

**RULES OF ORGANIZATION
of the Bulgarian Trade Promotion Agency with the Minister of Economy**

**Chapter One
GENERAL PROVISIONS**

Article 1

These Rules establish the operation, structure, organization of work and composition of the Bulgarian Trade Promotion Agency with the Minister of Economy, hereinafter referred to as "the Agency."

Article 2

The Bulgarian Trade Promotion Agency shall organize and coordinate the operation of the state bodies, the public organizations, the non-profit associations, the bodies of local self-government and of the other juristic persons in the field of trade promotion.

Article 3

The Agency shall be a public-financed juristic person with a head office in Sofia and shall be a secondary grantee of budgetary obligational authority with the Minister of Economy.

Article 4

- (1) The financing of the Agency shall be sourced in national budget subsidies and in revenue from own activities.
- (2) The revenue from own activities shall be raised from:
 1. provision of services in the field of information services, provision of expert evaluations and advice, methodological assistance for training and foreign trade qualification;

2. publication and distribution of catalogues, periodical bulletins, brochures, reports, elaborations and other specialized editions in the field of foreign trade relations;
3. participation in international programmes, projects and agreements;
4. issuance and certification of reference briefs, credentials, certificates and other documents on the position of Bulgarian exporter, importer and distributor companies, on foreign buyers, on origin of goods etc.;
5. services performed by the overseas representative offices of the Bulgarian economy with the Agency;
6. donations;
7. lease of movable and immovable property;
8. other activities and services assigned thereto by a statutory instrument.

Chapter Two

STRUCTURE AND OPERATION OF THE AGENCY

Article 5

- (1) The Agency shall be headed and represented by an Executive Director.
- (2) The contract with the Executive Director of the Agency shall be concluded, modified and terminated by the Minister of Economy in coordination with the Prime Minister.

Article 6

- (1) The Executive Director shall perform the following functions:
 1. direct, coordinate and control the performance of the functions and tasks of the Agency, as well as the liaison thereof with the other institutions of state;
 2. represent the Agency;
 3. conclude contracts related to the implementation of the operation of the Agency;
 4. prepare an annual report on the performance of the Agency and present the said report to the Minister of Economy;
 5. be responsible for the management of the budget of the Agency and for the legally conforming and expedient spending of budget resources;
 6. develop and organize the implementation of the information policy, ensuring public openness and transparency of the operation of the Agency;
 7. endorse the structure of the administrative units, the job descriptions of the persons working at the administration, the staffing schedule of the positions and the salaries, the internal rules regarding salaries, as well as other internal regulations assigned thereto by a statutory instrument;
 8. appoint, discharge and impose disciplinary sanctions on the civil servants at the Agency;
 9. conclude, modify and terminate the contracts of employment with the persons working at the Agency under an employment relationship;
 10. assign the persons working at the Agency to temporary duty;
 11. participate in the elaboration of strategies, plans and programmes for trade promotion;
 12. participate in working groups, advisory and other bodies and in international organizations;
 13. distribute the case files among the heads of the administrative units;
 14. perform any other activities comprehended in the governance of the Agency.

(2) In the absence of the Executive Director, the functions thereof shall be performed by a senior official of the Agency designated by an order of the Executive Director for each particular case and for the time of the absence.

Article 7

(1) The administrative control of the administrative units of the Agency shall be exercised by a Chief Secretary, who shall be appointed by the Executive Director for a term of five years.

(2) The Chief Secretary shall perform the following functions:

1. exercise administrative control over the administration of the Agency in implementation of the lawful directions of the Executive Director and see to the accurate observance of the requirements of the statutory instruments;
2. represent the Agency in the cases where he or she is expressly authorized to do so by the Executive Director;
3. organize and coordinate the distribution of tasks for fulfilment among the administrative units of the Agency;
4. coordinate the day-to-day fulfilment of the common tasks assigned to the general and specialized administration;
5. exercise general control over the fulfilment of the tasks;
6. create conditions for normal and efficient operation of the units in the Agency;
7. control and be accountable for the handling and storage of documents;
8. prepare an annual report on the state of the administrative operations at the Agency;
9. fulfil any other tasks as may be assigned thereto by the Executive Director of the Agency.

Article 8

The administration of the Agency shall assist the Executive Director in the exercise of the powers thereof.

Article 9

(1) Depending on the activities thereby performed, the administration of the Agency shall be general and specialized.

(2) The total staff size of the Agency shall be 48 tenured positions.

(3) Divisions may be established with the directorates, and sectors may be established with the divisions of the specialized administration.

(4) The distribution of the total staff size referred to in Paragraph (2) is specified in the Schedule hereto.

Article 10

The General Administration of the Agency shall be organized into a Directorate of Financial, Business, Administrative and Legal Operations, which shall perform the following functions:

1. provide logistical support for the work of the Executive Director and of the specialized administration;
2. organize the operation of departmental finances, the keeping of accounts and the internal financial control in the Agency;
3. assist the Executive Director in the management of the financial resources of the Agency;

4. coordinate the participation of the Agency in projects under external (non-budget) financial assistance;
5. arrange the legal and statutory-instrument services for the Agency, including representation by counsel in legal actions where to the Agency is a party;
6. prepare the documents related to the establishment, modification and termination or the employment and civil-service relationships of the employees, as well as other documents under the Labour Code and the Civil Servants Act;
7. assist the elaboration of opinions and participate in the preparation of drafts of statutory instruments regulating statutorily the production of goods for export and trade promotion;
8. draw up and coordinate any contracts where to the Agency is a party;
9. participate in working groups on bringing Bulgarian legislation in the field of trade promotion in conformity with the generally accepted standards of the European Union and of the international organizations whereof the Republic of Bulgaria is a member;
10. give opinions on drafts of international treaties and agreements on trade and economic cooperation and on establishment of free trade areas;
11. organize record-keeping, including document flow, archives and storage of departmental documents;
12. draft internal rules assigned thereto by a statutory instrument, including rules regarding the work and salaries of the staff of the Agency, in accordance with the effective legislation in Bulgaria;
13. prepare the staffing schedule of positions and of the salaries of the employees;
14. elaborate and coordinate the implementation of the strategy of the Agency for training and retraining of employees;
15. organize the introduction of new information and communication technologies in the Agency;
16. ensure interaction with the automated information systems functioning at other state bodies and institutions;
17. perform pre-press production, printing and distribution of the specialized publications of the Agency, incl. magazines, bulletins, catalogues, reference books, guides, manuals and practical aids, joint publications with foreign organizations, translations of international statutory instruments, agreements and comments thereon etc.;
18. maintain the computer hardware and software;
19. provide technical support for the operation of the data base at the Agency;
20. provide technical support for the operation of electronic mail and Internet;
21. organize and implement logistical supply of the Agency with equipment, spare parts and consumables;
22. organize the correct utilization, stewardship and management of the property of the Agency;
23. organize the maintenance and overhaul of the premises in the buildings allocated for use to the Agency;
24. ensure and control the normal functioning and technical serviceability of the power-supply, lighting, communications, water-supply and sewerage systems, as well as of the motor vehicles of the Agency;
25. control departmental security and the observance of check-in procedures at the building of the Agency; ensure the maintenance of sanitation;
26. coordinate public relations;

27. perform the activities comprehended in defence and mobilization preparedness;
28. perform any other activities as may arise from the directives of the Executive Director.

Article 11

The specialized administration of the Agency shall be organized into a Directorate of Foreign Economic Operations.

Article 12

The Directorate of Foreign Economic Operations shall perform the following functions:

1. provide information services in hard-copy and soft-copy form regarding national and world trade statistics, foreign trade regimes, international prices and international market situation, regulation of trade relations, standardization, packaging, credit and tax policy, customs procedures, conditions for export of Bulgarian goods and for import of foreign goods etc.;
2. organize the keeping of a voluntary register of Bulgarian exporter companies;
3. augment and maintain a data base on: Bulgarian manufacturer, exporter, importer and distributor companies; foreign buyers; associations, branch unions, partner organizations in the Republic of Bulgaria, and operative trade promotion organizations in other countries; development of the foreign trade of the Republic of Bulgaria; joint industrial production; international donor programmes for trade promotion; specialized international fairs and exhibitions abroad;
4. prepare reference briefs and analyses on the development of the foreign trade of the Republic of Bulgaria by volume, partner country, commodity group and other indicators; on the demand for Bulgarian goods by market and commodity group; prepare commodity-composition and geographical-distribution analyses and studies of international markets;
5. assist Bulgarian companies in establishing contacts with potential foreign buyers;
6. maintain and augment a library stock of specialized literature;
7. maintain direct liaison with Bulgarian governmental and non-governmental organizations for implementation of the national export strategy, and elaborate opinions and proposals for improvement of the said strategy;
8. prepare analyses of the export capabilities of Bulgaria, elaborate programmes for increase of exports by sector;
9. advise Bulgarian companies regarding the organization, regulation and procedures in foreign trade operations, regarding the choice of market strategy and commercial practice;
10. assist foreign buyers in establishing contacts with state bodies, with Bulgarian natural or juristic persons;
11. prepare drafts of working programmes and work on the day-to-day management of trade promotion projects of foreign and international organizations;
12. coordinate work on the implementation of priority projects and programmes in the field of foreign trade, designated by the Government;
13. maintain and pursue cooperation with international organizations and with similar trade promotion organizations abroad, wherewith the Agency has concluded bilateral agreements;

14. pursue cooperation and honour the commitments assumed within the framework of regional and international organizations, including the Balkan Regional Center for Trade Promotion;
15. maintain and pursue cooperation with partner organizations in Bulgaria for the implementation of joint initiatives for the purpose of promotion of the foreign trade operations of Bulgarian companies and strengthening of partnership and dialogue between the state and the private sector, between central and local government.
16. analyse the needs of Bulgarian manufacturers for specialized marketing expertise and foreign trade qualifications; organize general and specialized seminars and implement programmes for specialist foreign trade training and human resource development; prepare teaching materials;
17. implement programmes for national participation in international trade fairs; organize companies' and sectors' participation in specialized international expositions;
18. organize trade missions, economic fora, meetings with business delegations and other events for promotion of the Bulgarian export capabilities;
19. propose and implement programmes for active national publicity of the Bulgarian economic capabilities;
20. compile and distribute print advertisement publications and catalogues of Bulgarian manufacturers and exporters;
21. elaborate criteria and procedures for participation and for conduct, where necessary, of competitive bidding for the selection of companies to implement promotional events;
22. prepare specialized publications of the Agency, including periodicals (foreign economic analyses, product and market research, company strategies, foreign trade practices etc.);
23. develop and assist the implementation of schemes for financial assistance of the presentation of Bulgarian goods and services abroad;
24. perform other activities arising from directives of the Executive Director.

Chapter Three

ORGANIZATION OF WORK AT THE AGENCY

Article 13

- (1) The directors of directorate and the chiefs of division shall organize, coordinate, report back and incur the responsibility provided for in a statute for the fulfilment of the tasks of the administrative units headed thereby in accordance with the functions specified in these Rules.
- (2) The civil servants and the persons working at the Agency under an employment relationship shall fulfil the tasks assigned thereto and shall be responsible to the immediate superior thereof for performance of the work in conformity with the job descriptions, the Rules and effective legislation.

Article 14

In addition to the functions specified in these Rules, the directorates shall fulfil other tasks as well, assigned thereto by the management of the Agency within the scope of the operation thereof.

Article 15

For exemplary execution of the official duties thereof, distinctions, cash prizes and merchandise awards to a value not exceeding three minimum [monthly] wages per calendar year may be conferred on the employees of the Agency.

Article 16

(1) The business hours of the Agency shall be from 9:00 a.m. to 5:30 p.m., with a lunch break from 12:30 p.m. to 1:00 p.m.

(2) The visiting hours of the administrative units working with visitors shall be within the established business hours and, in specific cases, shall be determined by an order of the Executive Director.

FINAL PROVISIONS

§ 1. These Rules are adopted in pursuance of Article 55 of the Administration Act.

§ 2. These rules shall enter into force on the 1st day of January 2002.

Schedule
to Article 9 (4)
of the Rules of Organization

Staff Size of the Administration of the Bulgarian Trade Promotion Agency: 48 tenured positions

Executive Director	1
Chief Secretary	1
General administration	10
incl.:	
Directorate of Financial, Business, Administrative and Legal Operations	10
Specialized administration	36
incl.:	
Directorate of Foreign Economic Operations	36

ANNEX 6

REFERENCES

- ☒ 2001 Regular Report on Bulgaria's Progress Towards Accession
- ☒ NEDP 2000-2006
- ☒ NPPA 2001
- ☒ Council of Ministers' Decree No. 288/18.12.2001 for creation of BTPA
- ☒ "The competitiveness of the Bulgarian economy 2001", CED, 2001
- ☒ EU Commission materials on "Internal Market Policy"
- ☒ Report on the Implementation of the Action Plan to promote Entrepreneurship and Competitiveness, EC Working Paper
- ☒ Report on the Business Environment Simplification Task Force, BEST, EC