

## SUMMARY PROJECT FICHE

**Project number:** BG980501

**Title:** Private Sector Development

**Location:** Bulgaria

### **Objectives:**

The wider objective of the Private Sector Development is to promote the economic reform process in Bulgaria.

This will be achieved through the immediate objective of the stabilisation and structural adjustment of the economy. This in turn will be achieved through three outputs, namely:

1. **Private Sector Strengthen**, through:
  - Completion of privatisation of the remaining major state owned enterprises
  - Attraction of foreign direct investment
2. **Reinforce public confidence in the banking sector** through
  - Further strengthening Central Bank (BNB) capacity to supervise the banking sector
  - Promote further restructuring and privatisation of the banking sector
3. **Strengthening the legislative and regulatory framework of the financial sector** by introducing and/or reinforcing mechanisms for sector oversight and compliance enforcement.

This is in accordance with the Accession Partnership, which states that short term objectives regarding the economic reform and the internal market focus on the “transparent privatisation of enterprises and banks and restructuring measures in industry, financial sector and agriculture, and measures to encourage increased foreign direct investment”.

### **Background:**

Bulgaria finds itself recovering from a serious economic crisis situation that took place during 1996 and the first part of 1997. A collapse of the banking system, a significant decline of the GDP, acceleration of inflation, rapid depreciation of the Leva, an escalating budgetary crisis and a general loss of confidence and credibility in economic policy. The social cost of the crisis have taken heavy toll on the population with serious real decline in pensions, social benefits and salaries, and essential public services being left without funding.

The newly elected Government prepared an economic reform package starting with the set up of the Currency Board Arrangement, fixing the Leva to the DM, following with a strict macroeconomic policy. This macroeconomic programme is supported with a structural reform package via the acceleration of the privatisation of state owned enterprises and banks, and by introducing the legislative and regulatory measures to reinforce the banking and financial sector, and reintroduce a tight and firm financial sector policy.

Under these circumstances the Bulgarian Government requested assistance to the European Commission. In 1997 the Commission launched through Phare, the “Structural Adjustment and

Reform Assistance - SARA” programme. This has been providing assistance to the Government of Bulgaria in the areas of enterprise privatisation, bank privatisation and fiscal policies.

Until now the SARA Programme is the major assistance programme to the Government of Bulgaria in the implementation of the economic reform strategy. The Programme has been focusing not only in direct assistance to the execution of privatisation deals of concrete enterprises/banks, but also on institutional building projects aimed at reinstalling the confidence of the public in the financial institutions, by enhancing the supervision mechanisms of the Bulgarian National Bank, supporting the development of the taxation department of the Ministry of Finance, establishing the regulatory framework of the insurance sector supervision body, supporting the creation of a mechanism for bank liquidation and by rationalising the framework of the 81 investment funds created through the mass privatisation programme.

The results achieved to date are very positive and recommends that continuation of this assistance should be provided to the Government of Bulgaria.

### **Description:**

Following the Government privatisation strategy, the objectives outlined in the Accession Partnership and the NPAA and the agreements with the international donor community, the Private Sector Development project will continue to enable the Privatisation Agency, principle line ministries and the Bank Consolidation Company, to fulfil their privatisation mandate. Moreover the Private Sector Development project will continue to support the establishment and strengthening of the regulatory enforcement mechanisms in the financial sector.

The project will be divided in four components, one relating to the outputs levels described above and a component providing technical assistance to the implementation of the whole project.

## **1. Enterprise Privatisation Component**

Enabling the Privatisation Agency and principle line ministries to fulfil their privatisation mandate, in the following ways:

### *1.1. Privatisation Advisors and Transactions Agents – PATA*

As provided in the NPAA “The services of international consultants and intermediaries will be used to accelerate the process of privatisation, compensate the lack of a sufficient number of trained personnel and would guarantee the attracting to Bulgaria of reliable foreign investors, especially for strategic enterprises”.

The work of the PATA will comprise preparation of the enterprises selected for fast privatisation, encompassing

- Due diligence: operational, financial and marketing analysis, restructuring plans and valuation.
- Preparation of relevant sales strategies, procedures for the sale of shares or assets, or
- Where sale as a corporate entity is not feasible preparation of liquidation proceedings and sale of assets will be undertaken.

The Privatisation Agency foresees that up to 50 major enterprises would be eligible, of which, the PATA is expected to address the needs of 10.

This intervention can be immediately implemented based on the experienced gained and implementation procedures instituted under the SARA programme.

### *1.2. Privatisation and Foreign Investment*

Whilst the PATA intervention focuses on a limited number of major strategic companies, under this activity the target is to adopt a broader approach, designed to prepare more enterprises for privatisation within both the domestic and international markets, and assist the Foreign investment Agency in promoting inward investment opportunities.

#### *1.2.1. Preparation of sale information memorandum*

To increase the pace and transparency of the privatisation of medium size companies, by providing expert and independent preparation of company profiles (sales information memorandum), to be available for domestic and international investors.

The Information Memorandum will encompass financial, legal, marketing and environmental assessment of the said companies.

The preparation of memorandum for the companies involved (between 100 – 150) can be implemented within a four month time-frame, based on current experience under SARA Programme.

#### *1.2.2. Marketing and transaction assistance*

It is envisaged that resulting from the preparation of the Information Memoranda a number of companies will be identified as of potential interest to foreign investors. The marketing and transaction assistance will provide the expertise of a major merchant bank consortia, to undertake the marketing of the selected companies internationally and support the Privatisation Agency and relevant line ministries to complete the sale transactions.

The target companies under this exercise are foreseen to be in the order of 20 to 30 enterprises. This mechanism has already been designed and tested under the SARA programme.

#### *1.2.3. Promotion of inward foreign investment*

The relatively modest level of foreign investment to date in Bulgaria is due in part to the absence of international recognition of Bulgaria as a potentially attractive destination for foreign investments. The promotion of inward foreign investment will contribute to remedy this situation by assisting the Foreign Investment Agency in the design, development and implementation of a marketing and promotion campaign to raise international awareness of Bulgaria as a prospective investment location.

The marketing support will be complemented by institutional strengthening actions to ensure the longer-term ability of the Agency to fulfil its mandate.

This action will provide a framework for the international marketing of individual companies by the other interventions under the Private Sector Development Project.

## **2. Reinforce public confidence in the banking sector**

At the end of 1995 the Banking system experienced liquidity stress, most banks were insolvent, had either negative net worth, insufficient liquidity, problematic portfolios, or a combination of all three. During 1996 and early 1997 the overall size of the banking system shrunk dramatically both

in terms of the number of banks (18 banks collapsed out of a total of 45 Banks), but also in terms of deposits reduced by a factor of four at the end of 1996.

The private banking sector is composed of one recently privatised bank, and a number of other smaller banks, seven of which are branch subsidiaries of foreign banks.

To date the banking sector remains very fragile and the Government is committed to:

- Early privatisation of the remaining state owned banks where feasible
- Strong Central Bank supervision,
- Management care and maintenance of Biochim Bank, which is a merger of various insolvent banks, to prevent it endangering the stability of the sector

### *2.1. Promote further restructuring and privatisation of the banking sector*

According to the NPAA, the “attempt to exert control on the banking system via non-market mechanisms proved to be a complete failure which pushed the Government to identify as priority the accelerated privatisation of commercial banks. That privatisation is carried out through private law tools – the controlling interests will be sold by the Banks Consolidation Company (BCC) and international advice and intermediation will be sought in that process.”

In addition to the Central Bank (BNB), there are six State owned banks (SOBs) accounting for most domestic banking assets in Bulgaria. The largest is Bulbank with assets of ECU 2.2 billion, focusing upon foreign currency operations. The second largest is Commercial Bank Biochim, followed by the State Savings Bank (SSB) with assets of ECU 360 million derived from collecting approximate 50% of all deposits held by the Banks and investing about two-thirds of its assets in Government securities. The other three SOBs (Hebros Bank, Express Bank and Post Bank) are significantly smaller.

Biochim represents a special case in the Banking sector because due to its insolvent situation in 1994, was merged with other five banks in financial difficulties. Being the second largest commercial bank, with the undigested corporate merger mentioned before, Biochim was twined with ABN AMRO to improve its management and performance. The twining arrangement failed to fully achieve its objectives due to the political and banking crisis in 1996 early 1997. The privatisation of Biochim cannot take place before a complete restructuring and re-organisation takes place.

With the pending conclusion of the ABN AMRO twining arrangement, both the Government of Bulgaria and the IFIs feels it necessary to place Biochim under enhanced supervision via a hands on management contract, in order to contain the systemic moral hazard to the stability of the banking sector and to the agreed banking reform sector strategy.

Under the SARA Programme support is being provided as follows: (i) privatisation of Express & Bulbank; (ii) the first 12-month phase of a 24-month management contract for Biochim; and, (iv) a strategic updating study for SSB.

The Private Sector Development project will cover the following areas: (i) privatisation of Hebros Bank; and (ii) second 12 month phase of Biochim Management contract. The restructuring and reorganisation of SSB is being proposed under the Catch Up Facility.

The banking reform strategy as whole, (i.e. banking supervision, privatisation of SOBs, Biochim management contract prior to privatisation, a new SSB law and its restructuring and reorganisation into a universal commercial bank), is a conditionality agreed between the

Government of Bulgaria, IMF and World Bank, to the disbursement of the Extended Fund Facility (EFF) and FESAL II.

### **3. Strengthening the legislative and regulatory framework of the financial sector**

The success of the bank privatisation strategy and the stability of the finance sector, has to be completed with institutional development support. This support is partly covered under the assistance to the Supervision Department of the BNB, encompassing insurance supervision, legal reviews, credit registry and the establishment of a Bank Resolution Unit.

#### *3.1. Further strengthening Central Bank capacity to supervise the Banking sector: BNB Supervision*

On 1st July 1997, the Bulgarian National Bank Law and the Law on Banks were passed, and the Currency Board was created.

According to the mentioned legal framework, a strict surveillance mechanism over the financial sector had to be developed to implement the objectives of the laws.

Under the SARA Programme, support is being provided to the BNB Supervision Department with a team of advisers to strengthen the Off-site Supervision Division and the Special (non-bank financial institutions) Supervision Division.

Under the Private Sector Development project the following activities will be supported:

- Continuation with the assistance to the Supervision Department, for the Off-site and Special Divisions, in order to further strengthen the BNB surveillance capacity, and provide hands on management transfer and know how in the banking supervision
- Legislative reviews of regulatory and supervisory issues. This component will provide the means to address specific technical legal matters on commercial bank regulation (i.e. bank security taking and realisation, disposition of dormant accounts, etc.).

#### *3.2. Further strengthening of the Insurance Supervisory Authority (Ministry of Finance)*

The private insurance market in Bulgaria started as of 1989, growing unregistered, unlicensed and unregulated to 630 companies. Certain companies have plagued the sector with incidences of criminal activity and strong-arm tactics. The Government of Bulgaria has decided to cleanse the sector by suspending the licenses of all insurance companies effective March 31st 1998. The Government objective is to relicense and evaluate the insurance companies, and thereafter to regulate and supervise them on ongoing basis. The present technical assistance has identified the long-term support requirements to achieve these objectives by providing on the job training in licensing, actuarial and financial analysis and evaluation.

#### *3.3 Investment Funds rationalisation*

Bulgaria presently has some 82 investment funds that were created through the mass privatisation voucher system, and represent the potential long-term source for capital market development. Currently this sector is neither administered nor regulated. Assistance will be provided to review the current situation and scope of the sector, in anticipation of future assistance.

### 3.4. Credit Registry

Creation of a Credit Registry in the Banking Supervision Department, initially as a data base for non-performing loans, to later developed into a data resource on non-performing creditors for all lending institutions

### 3.5. Bank Asset Resolution Unit

Eighteen insolvent commercial banks have been placed into liquidation by BNB before the court. The judiciary in Bulgaria is not equipped the to deal with corporate and commercial adjudication. A unit will be established to work with BNB and the courts to provide for the orderly accounting, work out and/or liquidation of the rapidly depreciated of those eighteen insolvent banks.

On a longer-term basis, the technical assistance is also expected to provide operational and accounting nucleus for the resolution of non-performing loans as required by the regulator.

#### **Institutional framework:**

The contractual authority for the Private Sector Development Project will be the SARA – SECRETARIAT within the Council of Ministers. Project performance will be monitored by the Structural Adjustment and Reform Assistance Steering Committee chaired by the Deputy Prime Minister responsible for Economic Reform. The Chief Executives of the principal intermediary beneficiaries of the Private Sector Development Project, namely the Privatisation Agency and the Bank Consolidation Company are members of the Steering Committee. The Director of the SARA Secretariat as Secretary to the Steering Committee reports directly to the Deputy Prime Minister and has regular and frequent access to the latter. The SARA Secretariat Director's close working relationship with the Deputy Prime Minister and Chief Executives of the PA and BCC will ensure that policy and other issues where they arise can be speedily resolved.

For a graphical view of the institutional framework, please see appendix 5.

#### **Budget (in MECU):**

	Institution Building	Investment		Phare Total
		DIS	HQ	
Enterprise Sector	0	3.0		<b>3.0</b>
Banking Sector	0	2.0		<b>2.0</b>
Financial Sector Regulatory Framework Strengthening	0	2.15		<b>2.15</b>
Project Management	0		1.05	<b>1.05</b>
<b>TOTAL</b>	<b>0</b>	<b>7.15</b>	<b>1.05</b>	<b>8.2</b>

#### **Implementation arrangements:**

The SARA – SECRETARIAT within the Council of Ministers, will be nominated as an Implementing Agency for this project. The Secretariat will utilise standard DIS Procedures. The Secretariat presently counts with a team of experts that presently contributes towards the timely implementation of the different sub-projects of the SARA Programme.

#### **Implementation schedule:**

	Contracting	Implementation & Disbursement	Final Disbursement
Enterprise Privatisation	Oct. 98 - July 99	Feb. 99 - July 2000	August 2000 - March 2001
Banking Sector	Oct. 98 - June 99	March 99 - May 2000	March 2000 - Sept. 2000
Financial Sector Regulatory Framework Strengthening	Oct. 98 - March 99	Jan. 99 - April 2000	Oct. 99 - Sept. 2000
Project Management	March 99 - July 99	August 99 - Dec. 2000	Jan. 2001 - March 2001

For a detailed implementation schedule, please refer to Annex 3.

#### **Equal opportunity:**

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

#### **Conditionality and sequencing:**

The legislative framework and the strategic design is already in place. The implementation mechanisms are working already for one year, and the contracting and disbursement have been accomplished until now. The SARA Secretariat is prepared to implement the components under Private Sector Development project with no delay. Taking into account the importance attached by the Government to the fast privatisation process, the assistance under Private Sector Development Project is viewed as crucial for a timely implementation of the Government privatisation strategy.

The Private Sector Development project is subject to the fulfilment of the IMF conditionalities and World Bank FESAL for private sector development reform. These conditionalities are being taken into account formally and operationally.

Financial sector framework reform to be developed and strengthen towards compliance with the *Acquis*.

# ANNEX 1 - LOGICAL FRAMEWORK MATRIX

LOGFRAME PLANNING MATRIX FOR PROJECT PRIVATE SECTOR DEVELOPMENT PROJECT			Contracting period expires: JULY 1999	Disbursement period expires: MARCH 2001
Project n°: BG 980501	Project Name: PRIVATE SECTOR DEVELOPMENT PROJECT		Total Budget: 8.2 MECU	Page
Wider Objective	Indicators of Achievement*	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks	
1. Reinforce and consolidate the stability of the Bulgarian economy 2. Support the structural reform of the economy	1. Exchange rate remains within 5% band of DM 1:1000 Leva 2. Inflation rate: 12% for 1999; 10% for 2000. 3. GDP growth: 3,8% for 1999; 4,2% for 2000.	1. Bulgarian National Statistics Office - Quarterly basis. Controlled by SARA SECRETARIAT 2. DG II Economic forecasts. Quarterly basis	1. Government maintain strict monetary policy following IMF conditionalities. 2. No major external economic shocks.	
Immediate Objectives	Indicators of achievement	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks	
1. Privatisation of major SOEs	1. Cash proceeds from privatisation of SOEs and Banks, amounting to US\$ 720 by the end of 2000 Industrial real output growth to 5.6% for 1999, and to 6,1% for 2000	1. DG II Economic forecasts for Bulgaria. Quarterly basis. Privatisation Agency official records, controlled by SARA SECRETARIAT.	1. Government maintains consistent economic reform policies. 2. Government expenditure remains under tight control  3. Improved social protection net for those adversely affected by economic reform	
2. Promotion of inward foreign investment	2. Foreign Direct Investment to reach US\$ 400 Million for 1999, and US\$ 450 million for 2000.	2. Ministry of Finance records Ministry of industry Records		
3. Promote further restructuring and privatisation of state owned banks	3. Bank Deposits to reach US\$ 800 million for 1999, and US\$ 950 million for 2000.	3. World Bank economic monthly report BCC Official records		
4. Strengthening the regulatory framework of the financial sector	4. BNB Supervision Dep. reports Insurance Dept. reports.	4. BNB Statistics. Monthly basis. IMF review reports.		



Outputs	Indicators of Achievement	How, When and By Whom Indicators Will Be Measured	Assumptions and Risks
ENTERPRISE SECTOR			
1.1. Privatisation of 150 medium size enterprises	1.1. Progress reports and final privatisation agreement	1.1. Monthly report control by SARA Secretariat	1. No major ownership change of the companies during the privatisation period
1.2. Privatisation of 10 large SOEs	1.2. Progress report of the PATA and final privatisation agreement	1.2. Monthly report control by SARA Secretariat	
2.1. Strategy Development	2.1. Progress reports of the contractor	2.1. Monthly reports control by SARA Secretariat	2. No major change on the personnel structure of the Foreign Investment Agency - FIA
2.2. Marketing campaign and promotion of Bulgaria as a location for foreign investment	2.2. Marketing deliverables		
	2.3. Foreign Direct Investment to reach US\$ 400 Million for 1999, and US\$ 450 million for 2000.		
BANKING SECTOR			
3.1. Privatisation of Hebros Bank	3.1. Progress reports of Contractor Final privatisation of the Bank	3.1. SARA Secretariat and BCC will control the implementation and the final sale of the Bank	3. No major change of Bank ownership  Control level of Bank investment portfolio risk
3.2. Restructuring of Biochim Bank	3.2. Progress reports of Contractor Quarter profit results of the Bank	3.2. SARA Secretariat and BCC will control the restructuring of the Bank	
REGULATORY FRAMEWORK OF THE FINANCIAL SECTOR			
4.1. Strengthening the Banking Supervision Department at the Bulgarian National Bank - BNB	4.1. BNB Supervision Dept. reports Reduction of risk levels on the Banking system	4.1. SARA Secretariat and Supervision Dept. monthly co-ordination meetings Contractor Monthly reports	4. Keep tight control over state and private banks.  Control risk level on investment portfolios of the banking system  Continues tight financial control over the insurance companies
4.2. Strengthening the Insurance Authority Supervision	4.2. Monthly reports of contractor Quarterly financial reports of new licensed insurance companies  Quarterly reports of the Insurance Authority Supervision	4.2. SARA Secretariat and Insurance Supervision Authority monthly co-ordination meetings	

4.3. Strengthening the Savings and Investment Vehicles regulation covering the 82 Privatisation Funds created under the Mass Privatisation Programme	4.3. Review report of the current situation and scope of the sector, in anticipation of future assistance.	4.3. SARA Secretariat	Close link with the evolution of the Capital Markets regulation
4.4. Credit Registry: Data resources on credit performance for all lending institutions	4.4. Contractor report and data base. BNB Supervision Dept. reports	4.4. SARA Secretariat and Supervision Dept. monthly co-ordination meetings	Co-operation of banking institutions on data transfer to the Registry.
4.5. Establishment of Bank Asset Resolution Unit, to work with BNB and the courts to execute the liquidation of the Eighteen insolvent commercial banks	4.5. TA Team monthly reports.	4.5. SARA Secretariat, BNB Supervision Dept. and Court Team monthly co-ordination meetings	
<b>Inputs</b>	<b>Indicators of Achievement</b>	<b>How, When and By Whom Indicators Will Be Measured</b>	<b>Assumptions and Risks</b>
<b>ENTERPRISE SECTOR</b>			
1.1. 150 Information Memorandum of the enterprises, and marketing campaign for 35 enterprises.	1.1. Information memorandum and privatisation strategy Signature of privatisation contract of the enterprises	1.1. SARA SECRETARIAT and Privatisation Agency monthly co-ordination meetings. Contractor monthly reports	1. No major changes on Government privatisation policy.
1.2. Services of 2 Privatisation Advisors (PATA)	1.2. Due diligence and privatisation strategy Signature of privatisation contract of the enterprises		2. No major changes on personnel of beneficiary institutions.
2.1. Contract of a PR Company plus strategy expert on Foreign Investment	2.1. Contract signature, expert assignment Strategy design and PR Campaign deliverables.	2.1. SARA Secretariat and FIA monthly co-ordination meetings. Contractor monthly reports	
<b>BANKING SECTOR</b>			
3.1. Contract a major investment bank - audit firm consortia.	3.1. Due diligence and privatisation strategy Signature of privatisation contract of the Bank	3.1. SARA Secretariat and BCC monthly co-ordination meetings. Contractor monthly reports	3. No major changes of investment portfolio of the banks during the privatisation period
3.2. Contract a major financial restructuring firm, to provide 8 experts on bank restructuring	3.2. Due diligence, restructuring strategy Monthly progress reports	3.2. SARA Secretariat and BCC monthly co-ordination meetings.	

## REGULATORY FRAMEWORK OF THE FINANCIAL SECTOR

4.1. TA Team to the Off site Supervision and On site Supervision Dept.	4.1. Extension of the contracts of the TA team under SARA I.  Supervision reports on monthly basis	4.1. SARA Secretariat and BNB Supervision Dept. monthly meetings	Close link with the evolution of the Capital Markets regulation, and 2nd Wave of Mass Privat.  Co-operation of banking institutions on data transfer to the Registry.
4.2. TA Expert Team on Licensing Insurance companies; Actuarial practice; Financial surveillance of insurance companies	4.2. Extension of the contracts of the present TA Team, and contract new experts		
4.3. TA Team to review the current situation and scope of the sector.	4.3. Review report of the Experts.	4.3. SARA Secretariat	
4.4. T.A. team to create a Credit Registry data base	4.4. Creation of data base for non-performing loans.  BNB Supervision Dept. reports	4.4. SARA Secretariat and Supervision Dept. monthly co-ordination meetings	
4.5. TA Team expert on bank liquidation, financial analysis and floating assets resolutions	4.5. TA Team monthly reports.  Training manual for the staff of the Court - BNB.	4.5. SARA Secretariat, BNB Supervision Dept. and Court Team monthly co-ordination meetings	

## ANNEX 2 - DETAILED BUDGET BREAKDOWN

### BG9805.01 PRIVATE SECTOR DEVELOPMENT

	ECU IB	ECU IN	ECU TOTAL
<b>BG9802.01-01 ENTERPRISE SECTOR</b>	<b>0</b>	<b>3.000.000</b>	<b>3.000.000</b>
BG9805.01-01-01 Privatisation Advisors and Transaction Agents	0	1.000.000	1.000.000
BG9805.01-01-02 Privatisation & Foreign Investment Attraction - Preparation of Sale Information	0	500.000	500.000
BG9805.01-01-03 Privatisation & Foreign Investment Attraction – Continuing Transaction and Marketing for the PA and Ministries	0	500.000	500.000
BG9805.01-01-04 Privatisation & Foreign Investment Attraction – Continuing Marketing Support for the Investment Agency.	0	1.000.000	1.000.000
<b>BG9805.01-02 BANKING SECTOR</b>	<b>0</b>	<b>2.000.000</b>	<b>2.000.000</b>
BG9805.01-02-02 Completion of bank privatisation (Hebros	0	1.000.000	1.000.000
BG9805.01-02-03 Biochim Management & Restructuring	0	1.000.000	1.000.000
BG9805.01-02-04 SSB Restructuring			
<b>BG9805.01.03 FINANCIAL SECTOR REGULATORY FRAMEWORK STRENGTHENING</b>	<b>0</b>	<b>2.150.000</b>	<b>2.150.000</b>
BG9805.01.03.01 BNB Supervision	0	500.000	500.000
BG9805.01.03.02 Insurance Authority Supervision: Licensing Insurance companies; Actuarial practice; evaluation and surveillance of insurance	0	750.000	750.000
BG9805.01.03.03 Savings and Investment Vehicles regulation: 82 Privatisation	0	200.000	200.000
BG9805.01.03.04 Credit Registry: Data resources on credit performance for all lending	0	300.000	300.000
BG9805.01.03.05 Establishment of Bank Asset Resolution	0	400.000	400.000
<b>BG9805.01-04 PROJECT MANAGEMENT</b>	<b>0</b>	<b>1.050.000</b>	<b>1.050.000</b>
BG9805.01-04-01 TA Facility - HQ	0	400.000	400.000
BG9805.01-04-02 Programme Management Unit – HQ	0	650.000	650.000
<b>BG9805.01 TOTAL</b>	<b>0</b>	<b>8.200.000</b>	<b>8.200.000</b>

## ANNEX 3 - IMPLEMENTATION SCHEDULE

	1998												1999												2000												2001												
TASK NAME	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	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
BG9805.01.01 ENTERPRISE SECTOR																																																	
BG9805.01.01.01 Privatisation Advisors and Transaction Agents (PATA)																																																	
BG9805.01.01.02 Privatisation & Foreign Investment Attraction - Preparation of Sale Information Memorandum																																																	
BG9805.01.01.03 Privatisation & Foreign Investment Attraction - Continuing Transaction Support for the PA and Ministries																																																	
BG9805.01.01.03 Privatisation & Foreign Investment Attraction - Marketing support for the Foreign Investment Agency																																																	
BG9805.01.02 BANKING SECTOR																																																	
BG9805.01.02.01 Completion of bank privatisation (Hebros Bank)																																																	
BG9802.01.02.02 Biochim Management & Restructuring Contract																																																	
BG9805.01.03 FINANCIAL SECTOR REGULATORY FRAMEWORK STRENGTHENING																																																	
BG9805.03.01 BNB Supervision																																																	
BG9805.03.02 Insurance Authority Supervision: Licensing Insurance companies; Actuarial practice; Financial evaluation and surveillance of insurance companies																																																	
BG9805.03.03 Savings and Investment Vehicles regulation: 82 Privatisation Funds																																																	
BG9805.03.04 Credit Registry: Data resources on credit performance for all lending institutions																																																	
BG9805.03.05 Establishment of Bank Asset Resolution Unit																																																	
BG9805.01.04 PROGRAMME MANAGEMENT																																																	
BG9805.01-04-01 TA Facility - HQ																																																	
BG9805.01-04-02 Programme Management Unit																																																	



Tendering and Contracting



Implementation & Disbursement



Final Disbursement Period

# ANNEX 4 - CONTRACTING AND DISBURSEMENT SCHEDULE: BG980501

CONTRACTING	1999								2001				TOTAL
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>TOTAL ECU</b>	<b>2.500</b>	<b>5.700</b>											<b>8.200</b>
Percentage of Total Budget	30%	70%											100%

<b>TOTAL ECU (CUMULATIVE)</b>	<b>2.500</b>	<b>8.200</b>											
Percentage of Total Budget	30%	100%											

DISBURSEMENT	1999								2001				TOTAL
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>TOTAL ECU</b>	<b>700</b>	<b>1.380</b>	<b>1.523</b>	<b>1.583</b>	<b>1.393</b>	<b>893</b>	<b>443</b>	<b>143</b>	<b>142</b>				<b>8.200</b>
Percentage of Total Budget	9%	17%	19%	19%	17%	11%	5%	2%	2%				100%

<b>TOTAL ECU (CUMULATIVE)</b>	<b>700</b>	<b>2.080</b>	<b>3.603</b>	<b>5.186</b>	<b>6.579</b>	<b>7.472</b>	<b>7.915</b>	<b>8.058</b>	<b>8.200</b>	<b>8.200</b>	<b>8.200</b>	<b>8.200</b>	
Percentage of Total Budget	9%	25%	44%	63%	80%	91%	97%	98%	100%	100%	100%	100%	

## PRIVATE SECTOR DEVELOPMENT PROJECT INSTITUTIONAL FRAMEWORK

