

STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 CRIS Number: BG2004/016-711.11.03

1.2 Title: Former Military Base Conversion

1.3 Sector: Economic and Social Cohesion

1.4 Location: Republic of Bulgaria (North East and South West Planning Regions)

1.5 Duration: 20 months

2. Objectives

2.1 Overall Objective(s):

- To provide instruments and business models for regional development and enhanced economic and social cohesion of regions in industrial decline thus encouraging investor's interest and develop opportunities for increased employment

2.2 Project purpose:

- To transform, equip and develop two former military bases into investment business zones of SMEs, including the relevant technical business-related infrastructure in order to provide opportunities for local technological and business transfer and new jobs creation.

2.3 Accession Partnership (AP) and NPAA priority

The Project addresses short- and mid-term priorities identified under the economic criteria in the **Accession Partnership**, which include, amongst others, the following:

"Promotion of competitiveness through market-based enterprise restructuring. Measures to improve the business environment and stimulate domestic and inward investments".

The NPAA defines three strategic targets achievement of which is a primary condition for accession. In the context of this project the relevant strategic target is: "Existence of a functioning market economy and capacity to cope with competitive pressure and market forces within the Union"

2.4 Contribution to National Development Plan

The National Economic Development Plan (NEDP) defines the **general strategic objective** for the 2000 to 2006 period as: Attaining the economic, social, environmental and administrative standards of the European Union to a degree that will allow Bulgaria to become a full-fledged member of the EU on 1 January 2007.

The Project is in full compliance with the second mid-term goal of the NEDP, which is "Diminution of disparities between the various regions and social groups with a concurrent overall increase in the standard of living and contraction of unemployment".

The proposed Former Military Base Conversion Project addresses all key development priorities, which the NEDP identifies:

- Improvement of competitiveness of the national economy;
- Improvement of basic infrastructure and environmental protection;
- Human resource development;
- Balanced and sustainable regional development;

The Project provides positive development approach and aims to reduce negative influence in the same time connecting between strategies to current conditions.

NDEP does not address the Military Reforms but deals with the different spun-offs – like unemployment, regional economic development, ecological clean up, and infrastructure development. Conversion Project aims at supporting the economic advancement of the regions by conversion of spun-off parts of the military bases by building effective, sustainable business structures, thus reducing the negative socio-economic effects and supporting regional business. The project covers wide range of aspects in national development and its implementation will contribute to the five priority axis and a range of programs and sub-programs contained in NDEP.

Project is directly related to the priorities of the Phare Multi-Annual Programme, which among others are:

- *“Increase the competitiveness of the Bulgarian enterprises”*, through improving the environment for business development at local and regional level,
- *“Business Related Infrastructure Development”*, through construction, rehabilitation and modernisation of infrastructure facilities ensuring improved access to and operation of the business areas as well as the centres delivering business services (transportation, energy networks, telecommunications, water supply and sewerage);

The Former Military Base Conversion Project addresses the basic principles of the National Economic Development Plan (NEDP) and the Regional Operational Programme (ROP). The project is consistent with national, regional and local priorities and represents the willingness of district administrations, local governments, NGO-sector, local business and other participants in the regional development initiatives.

2.5 Cross Border Impact

N/A

3. Description

3.1 Background and justification:

According to the *Acquis communautaire*, the main objective in the accession process of Bulgaria to the EU in the part of the regional development and land management process is harmonization of the national regional policy to the norms, standards, mechanisms and approaches, which are applied by the candidate-countries, as well as to prepare the Bulgarian regions to take participation in EU Structural Funds. In addition, the specific national advantages have to be used – location, specific conditions and resources, access to traditional markets, cross-border and inter-regional co-operation.

The National Plan for Regional Development 2000-2006, adopted in 1999 and revised in 2003, envisages development measures aimed at creating a favourable business environment.

Reducing the imbalances in development within and between the Bulgarian regions is a primary aim of the governmental policy. As a result of diverse natural conditions, inherited social, economic and spatial structures, policies in the past and the dynamics of development over the last decade have caused significant disparities in economic and infrastructure development, employment, incomes and quality of life between regions. Significant reforms undertaken in respect the Bulgarian Army since the year 2000, affected regions and lead to increased regional disparities and deepening of centre-periphery problems. This is due to lack of capacity and financial resources shortages, needed for adaptation capabilities of areas, regions and related infrastructure. Base conversion is a long process based on sound needs and market analysis, realistic local and/or national goals, and practical implementation measures.

This project intends to start the process and promote practical approach to conversion of two former military bases, according to EU Bulgarian accession policy. A successful project will enhance credibility and help secure long-term support among the national, regional and local authorities' decision-makers.

The conversion of former military bases will provide a mechanism for smooth and orderly transition of the abundant infrastructure from military to civilian use. It will advance new employment and environmental protection. The focus of this particular conversion project is to capitalize on the unique physical and infrastructure attributes of selected sites attract new businesses, support the emerging industry clusters in the regions, and protect and enhance natural resources. These attributes include the availability of large, easily developable sites, access to utilities, excellent regional road network and usable stock of existing buildings. This particular conversion project is focused on using these resources to create investment opportunities that will generate jobs locally.

MRDPW, having considered national and municipal policy, the interests of regional business and local community needs, has formulated, jointly with the local government bodies, a proposal for the Former Military Base Conversion Project in conformity with respective regional development plans. It aims at supporting the economic advancement of the regions by conversion of spun-off parts of the military bases and building effective, sustainable business locations, thus reducing the negative socio-economic effects on nearby urban communities and supporting regional business development.

According to the Concept for Military Base Conversion approved by the Bulgarian Government and supported by the Stability Pact experts, Simitli (SW planning region) and Razgrad (NE planning region) are assessed as most mature projects and chosen for pilot development.

The project seeks at improvement of the technical infrastructure within the former military bases, thus providing enhanced conditions for development of new businesses and social initiatives: inside transport network rehabilitation, renovation of the buildings and adapting them for civil activities, reconstruction and upgrade of the power supply, water supply, communication network and environmental clean-up.

The proposed project for conversion of former military bases is fully supported by the Ministry of Regional Development and Public Works and the Ministry of Economy, local authorities, private businesses and non-governmental organizations. After preliminary discussions with local civil society action groups, various enterprises

(including SMEs) have expressed their lively interest and eagerness to develop business within the converted bases. Initiatives for developing social and vocational training actions were also identified by local authorities and NGOs.

The intended focus is on the utilization of the unique physical and infrastructure conditions of the former military bases locations and to attract viable business investments, support of the public needs and improvement and protection of the local inside the bases environment. Within project framework, the requirements of the Environmental Impact Assessment directive 85/337/EEC, as amended by directive 97/11/EC, will be complied with, which is suggested for infrastructure projects in the PHARE Programming Guide.

The project is expected to support more than 20 SMEs in the region of Simitli and Razgrad, which are **regions of serious industrial decline**. Preliminary estimation illustrates, that the expected total number of the jobs created will be more than 1890 for both regions, which includes more than 510 direct jobs, 940 indirect and 440 temporary jobs. The direct jobs will be created through the start-up and expanding of existing SMEs. The creation of indirect jobs will be result from the expanding of the SMEs business related activities.

The business zones are located in South West Planning Region (Simitli) and North East Planning Region (Razgrad), which are also defined as regions with potential for cross-border co-operation. Thus, the favourable geographic location could further premise joint activities and collaboration with SMEs from Greece and Romania respectively.

The project meets the priorities for economic and social cohesion, including the implementation of pilot projects related to Bulgarian accession to EU. The aim of the project is in conformity with the short- and medium-term objectives of the Bulgaria's accession to EU. The implementation mechanism indirectly contributes to the preparation of Bulgarian central and regional authorities for management ERDF-type of programmes, namely Sub-programme 'Business related Infrastructure' of the Regional Operational Programme.

The proposed project pursues a multifaceted policy addressing the increase of competitiveness, real improvement of local quality of life (incl. income growth and higher standard of living), improvement of basic infrastructure and communications, decrease of regional disparities, etc., which fits the current updated priorities of the National Economic Development Plan (NEDP), revised in mid 2003.

The Former Military Base Conversion Project comprises the joint efforts of the Government, the local authorities in Simitli and Razgrad and local NGOs. Cooperation between public, non-governmental and private sector is rather innovative approach in implementing the development priorities of the country. Furthermore, the consensus within the framework of partnership between the government and local stakeholders (trade unions, employers and NGOs) is a *sine qua non* for overcoming the long-term problems and the accomplishment of the objectives and priorities of the NEDP.

Razgrad and Simitli are proposed as pilots for these projects because of the following reasons:

1. Compliance with the priorities and measures of National Plan for Economic Development and Regional Operational Programme (see 2.4.).

2. The sites are located in regions with industrial decline and their conversion into business zones will boost the regional development.
3. Availability of cheap energy resource, gas pipe-line network in the cities
4. Opportunities for establishment of local consumer supply chains, i.e. subcontractors to already existing and operating production factories
5. The sites are in bad infrastructural condition and are not attractive for the business at the moment.
6. Potential for cross-border-cooperation initiatives
7. Declared support and commitment on behalf of regional and local government authorities

3.2 Sectoral rationale:

N/A

3.3 Results:

Project implementation will result in higher level of Administrative Capacity at Central and Local Government levels to develop and maintain brown field development projects.

The project aims at achieving the following results:

Qualitative:

- Former military bases converted in industrial and business parks including related infrastructure;
- Created/enlarged business area for investors;
- Access roads to the zones and inside the zones reconstructed
- Water systems, sewerage systems, communication systems, electrical systems constructed/modernized.
- Modernised, restored and refurbished buildings for businesses
- Implemented environmental management systems according to ISO 14001.
- Administrative, management and monitoring structures established and operational
- Human resource development and training resulting in expanded and increased expertise
- Teams trained in management
- Strengthen capacity of each of the two local government authorities to implement and manage Phare funded projects
- Expand business development opportunities and jobs creation
- Establishment of a business, demand-driven military bases conversion model with multiplying effect possibilities
- Comparative analysis study developed

Quantative:

- 2 former military bases converted in industrial and business parks with relevant related infrastructure
- At least 300 000 sqm. of business area for investors developed/enlarged
- Minimum 3 km of access roads to the parks and inside the parks built
- At least 4 km. water systems, 3.5 km. sewerage systems, 3.5 km. communication systems, 2.5 km. electrical systems constructed/ modernised.

- The parks connected to electricity, sewer, drinking or supply water, public lighting system, gaz pipeline and/or district heating (systems for co-generation of electricity under discussion).
- Positioning of 23 business locations (12 in Razgrad and 11 in Simitli) on the territory of the former military base. In official letters, the business and social structures have already expressed their commitment to start business/social activities and their readiness for investments in equipment, machines and transport vehicles.
- Conditions for preservation and creation of new job positions. There are three major directions - the **temporary employment** in the process of infrastructure improvement and building refurbishment, **direct employed** by the companies engaged with the process of conversion, **indirect employed** by the supplementary businesses in result of its increased orders. The total numbers for the two bases are expected to be at least 440 temporary jobs positions, 514 direct jobs positions and 940 indirect jobs positions.
- Supplement of local employment programs, micro credit schemes, expanding activities of regional development agencies and branch organizations.
- Minimum 35 buildings for business built-up, modernised, restored and refurbished according to the needs of the businesses.
- 2 ecologically clean industrial and business parks with implemented environmental management systems according to ISO 14001.

The project shall pilot-test the National Military Base Conversion model. It will trace the milestones of military bases conversion process, which will definitely contribute to local economic and social development. Gained experience and know-how will be duly used to multiply project outputs while conversing military bases located in other regions.

3.4 Activities:

The focus of the project is on the maximum utilisation of available infrastructure and building stock in the former military bases, attracting new businesses, support existing clusters thus creating economic development and generating jobs locally. The a.m. results will be achieved through the following activities:

Component (1) Conversion of former military bases

- **Clean up works activities** including terrain rehabilitation and revitalization of former military bases sites
- **Building refurbishment** of the available building stock (it will be in compliance with the outputs from building stock analysis and meeting the requirements of Bulgarian legislation and the specific business activities);
- **Renovation of the infrastructure** (it will be based on the infrastructure analysis and meeting the needs of municipality and businesses. It will rehabilitate the connections to the technical networks (sewerage, power lines including transformer stations, drinking water, supply water, district heating, public lighting system)
- **Construction and/or reconstruction of access and business related roads**

Component (2) Management of the business zones

The Management Board

Business zones are more likely to succeed if they are supported by a broadly based partnership between public, private and non-governmental sector.

Each of the business zones will be managed by **Management team** to be nominated by the **Management Board**. The Board will be co-chaired by the owner of the business zone facilities (most likely to be the municipal authorities) and the Ministry of Economy. The following key stakeholders will be represented in the Board:

- Regional authorities
- Development agencies
- Branch organizations
- Business associations and chambers
- Consultancy companies
- Banks and other credit institutions
- Universities and other R&D organisations
- NGOs and social partners

The Management Boards will be appointed in February 2005. (see chart in annex 2)

They will be designated to:

- Assess and approve the conducted feasibility study and implement recommendations made
- Organise selection procedure and appoint the management teams

An open call for expression of interest will be launched. Organisations will be invited to submit a management team composition accompanied by a preliminary business plan. Each Board will select the most viable offer and appoint the successful management team. The team will develop and approve the proposed preliminary business plan with the assistance of the TA contractor. Subsequently, the Board will approve the final business plan and oversee its implementation.

Furthermore, the Boards will be responsible for:

- Supervision of management performance
- Management support through providing strategic guidance
- Financial Monitoring / Control

There should be a clear system for the management to report to the Board on a regular basis.

Management Team

They will be appointed in June 2005. (see chart in annex 2)

Their tasks will include:

- Overall management of the business zone on day-to-day basis
- Development of business plan for the zone's activities (letting policy, tenant's selection criteria, etc.)

- Provision of administrative services (i.e. copy documents, secretary services, telephone/fax services, typewriting, conference space, internet access etc.)
- Provision of business support services (external advice and consultancy, finance, premises and environment professional information services reception, facilities and basic information, SME-specific training) to tenants and non-tenants;

Technical Assistance Team

The training of the management teams will be ensured through a TA contract envisaged under this project. This will be implemented in close coordination with the Ministry of Economy. The TA will also assist the management teams in preparing a long-term, return-on-investment business plans for the two sites. In the scope of work of the TA contractors, clear training needs will be outlined.

The provision of quality TA service will ensure an effective a customer-oriented and demand –driven model for business zones management. Baseline data to guarantee the approach to be used is available - the local productive sector features and priorities for development predominantly determine the target market of the business zones. The sectoral overview of both municipalities is as follows: Razgrad (pharmaceutical, food processing industry, agriculture and forestry, tourism and services) and Simitli (forestry, mining industry). This overview will reflect in elaboration of the admission criteria for the tenants of the zones. Flexible tenancy policy is envisaged to give the management teams real hands-on control over tenants and their behaviour; giving them leverage to intervene where necessary. It also helps to spot tenants in trouble early and take appropriate action.

The TA team will be contracted in August 2005. (see chart in annex 2)

Its main tasks will include:

- Coordination of activities with the Ministry of Economy
- Needs-based training for the management teams
- Essential hand-on advice to the management teams
- Provision of management tools (e.g. financial management, etc.)
- Assistance for further development of the business plan

The business plan will give inputs for:

- Letting Policy
- Financial Systems
- Internal Control System/Documentation
- Revenues & Expenditures
- Staffing
- Recruitment
- Advertising and promotion for the initial tenancing

Furthermore, the management will be trained to obtain skills for preparing quarterly reports for either the Board or the chairman including:

- A cash flow
- Rental stream with bad debtors clearly shown
- Income and expenditure charts

- Petty cash expenditure
- Tenant movements in and out

The TA contractor will deliver expertise and inputs to the business zones on the following issues:

Management

- Formalise meeting structure with tenants
- Develop new ongoing marketing techniques for the zones
- Train managers in business support
- Organise visits to other business zones for training
- Banks and other agency contacts to be developed
- Draw up new rental proposals

Management Systems

- Put tenant meeting report structure in place
- Create monthly reports for Board and city government
- Put in place financial reporting systems including petty cash

Board

- Chairman to take more proactive role and work closely with management team
- Board to receive quarterly reports on tenant progress and finance and work with management to maximise business zones process
- Board to assist on drawing support from other agencies and financial and business institutions
- Board to develop strong links with city government

Promotion

- Use every means to promote the zones and the processes
- Create business zones newsletter and circulate
- Annual business zones workshop

Finance

- Create a full accounting system in accordance to traditional accounting practices
- Put in place a detailed monthly reporting system for Board
- Put cash management system in place
- Independent signature on accounting documentation

Tenant Support

Management teams of the zones are essential to training in tenant support and business planning. Each tenant should meet on an agreed date in each month with the management team to review progress, explore problems and opportunities, training and outside resource identification. This meeting should be formal with an agreed standard format which covers the main aspects of the business – systems, finance, production, marketing, sales and, above all, cash flow – cash is of most importance for developing business. A report on the meeting should be prepared, agreed with the tenant and

signed by him. This gives management the opportunity to see if tenants are benefiting from the process.

The assignment of the contractor will be specified in details in the ToR to be prepared by the MRDPW.

Presently, the assets to be converted are state-owned property under the authority of Ministry of Defence. In case the projects receive the financial support of the European Commission, the Ministry of Defence and the Ministry of Regional Development and Public Works will proceed with the respective procedural steps to transfer the property most likely to the local authorities in target municipalities.

3.5 Linked activities:

Projects oriented towards advice and information support of SMEs and for the creation of business support structures carried out by different donors generally contained an SME advisory component.

Linked are also activities under Phare 1999 and the Phare 2000 scheme to develop business incubators in NW and SC planning regions, the grant scheme for the introduction of quality management, as well as the Phare 2001 scheme for high tech incubators / grant scheme for applied research.

BG0202.01 Youth Initiatives project-

The project aims development of entrepreneurial culture and business infrastructure for youth business initiatives, as well as increasing the employability of young professionals.

BG 0202.03 Life Long Learning Vocational Centers

The project aims to reinforce SME sector, through providing learning infrastructure and supplementary services for newly emerged enterprises, in order to stimulate the development of small innovative businesses.

BG 2003/004-937.02.03 Introducing the cluster approach and establishment of a Cluster Model.

The project aims at improvement of competitiveness of appropriate sectors in Bulgaria through strengthening the institutional capacity for implementing cluster models using EU practices.

3.6 Lessons learned:

The participation in the implementation of EU co-financed projects helps the country in gaining significant experience in the organization and management of EU Pre-Accession Funds that will be very useful in the future realization of the European Structural Funds interventions.

PHARE Implementing Agency in the Ministry of Regional Development and Public Works has gained experience in the implementation of different types of projects and national schemes. The MRDPW has already completed and is in the process of implementing a number of EU co-financed projects. Phare Implementing Agency at the

MRDPW has developed operational implementation, monitoring and control methodologies and instruments to ensure the effective performance of management and control functions.

The performance analysis shows that the main problems arise from the lack of coordination between the programme/project implementing authorities. The weak communication between ministries, agencies and social partners is the reason behind the frustrated response to emerging problems. Permanent project monitoring is also crucial for the timely identification and prevention of problems.

With regard to project and programme preparation and development further improvements are required in the following areas:

- Consultations in the planning process with participants at all levels while following clear-cut rules;
- The distinct binding of the national priorities and programmes with the measures envisaged under the Pre-Accession Funds
- Development of projects modeled on the complex approach
- Intensification of process for establishment of economic partnership among bodies and institutions at local and regional level.

The Former Military Base Conversion Project is entirely consistent with the above-mentioned directions.

Since 2002, in the process of developing the project, the Stability Pact and experts from United Kingdom, France, Germany, Poland, Belgium and other countries have assisted Bulgaria. Their comments and recommendations concerned different issues of the project and namely:

- Environmental protection (Germany),
- Risk assessment (Poland),
- Monitoring (UK)

These were fully integrated in the project proposal. It comes to show and determine the strategic and political importance of the projects as well as reveals potential for attracting foreign investments.

4. Institutional Framework

The key institutions are the Ministry of Finance, the Ministry of Regional Development and Public Works (MRDPW), Ministry of Economy, the District Governors of Blagoevgrad and Razgrad and the Municipalities of Simitli and Razgrad.

The **Ministry of Finance** will perform its functions as National Aid Coordinator and National Authorising Officer.

The **Ministry of Regional Development and Public Works** will be the Implementing Agency and will be responsible for the administrative and financial management of the project.

The **Ministry of Economy** is responsible for the technical implementation of envisaged project's activities. Therefore, a Project implementation unit within the Ministry will be established.

A Project **Steering Committee (PSC)**, based on the principle of partnership, will be established. The Committee will steer and monitor the implementation of the approved project. The Project Steering Committee will provide strategic project direction and guidance to the PIU in the Ministry of Economy. This should include:

- advising on selection criteria
- defining broad tenancy policy and tenant selection criteria
- reviewing business zones management including charging/renting strategies etc.

The Committee should comprise representatives of:

- Ministry of Regional Development and Public Works
- Ministry of Defence
- Ministry of Economy
- Ministry of Labour and Social Policy
- Ministry of Finance
- Blagoevgrad Regional Administration
- Razgrad Regional Administration
- Municipalities of Simitli and Razgrad
- Bulgarian Chamber of Commerce and other relevant nationally represented branch NGOs

In accordance with Plan 2004 for restructuring of Bulgaria Armed Forces and the desire for resolving the problem of excess military base infrastructure and facilities, a Concept Paper for Conversion of Former Military Bases has been developed. The Ministry of Defence and the Stability Pact approved it.

The Municipalities being aware of the local needs and priorities have declared full support and commitment in terms of logistics and resources, including financial, for the successful implementation of the project.

All contracts envisaged under the project will be awarded in full compliance with Practical Guide Rules and Procedures.

5. Detailed Budget

	Phare Support			National Co-financing*	IFI*	TOTAL
	Investment Support	Institution Building	Total Phare (=I+IB)			
Works Contract	2.850		2.850	0.950		3.800
Service Contract (supervision)	0.150		0.150	0.050		0.200
Service Contract (Management and Training)	0.450		0.450	0.150		0.600
Total	3.450		3.450	1.150		4.600

The Phare contribution for investment costs will be no more than 75% of eligible public expenditure, the balance having to be covered by the national co-financing. The national co-financing will be provided by the National Fund Directorate at the Ministry of Finance. All operational and running costs and the maintenance of the equipment will be provided by the final beneficiaries.

6. Implementation Arrangements

6.1 Implementing Agency

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

MRDPW

PAO Mr. V.Tserovski

Cyril and Methodius St 17-19

1202 Sofia – Bulgaria

Phone: + 359 2 980 48 48

Fax: + 359 2 983 56 85

After the approval of Financial Memorandum, The IA will be responsible for the technical management and the operational monitoring of the project. The IA will launch tender procedures for works and services and will be responsible for project implementation, contracting and disbursement, as well as for the financial monitoring and control activities. They will be performed according to the “Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions”.

6.2 Project Implementation Unit

Ministry of Economy will be responsible for all aspects of the project’s technical implementation. On a day-to-day basis, the responsibility for the implementation of the project will rest in a Project Implementation Unit, including:

- Preparation of Tender documentation
- Information and publicity campaigns
- Participation in tender evaluation process
- Ensure operational coordination and monitoring of project activities

Ministry of Economy

Mr. Atanas Kirchev

Director “Pre-accession programmes and projects”

8 Slavyanska St, Sofia 1000

Tel.: +359 2 940 7500, 940 7501

Fax: +359 2 981 17 19

6.3 Twinning

N/A

6.4 Non-standard aspects

There are no non-standard contracts or tender procedures envisaged within this project. Practical Guide procedures will be strictly followed.

6.5 Contracts

<i>Works contract</i>	<i>3.800 MEUR</i>
<i>Service Supervision Contract</i>	<i>0.200 MEUR</i>
<i>Service Contract (Management and Training)</i>	<i>0.600 MEUR</i>

7. Implementation Schedule

7.1 Start of tendering/call for proposals

November 2004

7.2 Start of project activity

June 2005

7.3 Project completion

August 2006

8. Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed. Companies that participate in the project will be encouraged to employ women, representatives from the minority groups, young people, marginalized social groups or affected from the reforms in the economy specialists.

9. Environment

Environmental Impact Assessment is envisaged through a services contract from PPF 2002 allocation, as required by the Bulgarian law and the "Procedures for assessment of environmental impact of infrastructure investment projects financed from the EU programmes". The Requirements of the Environmental Impact Assessment directive 85/337/EEC, as amended by directive 97/11/EC, will be complied with, as suggested for infrastructure projects in PHARE Programming Guide.

10. Rates of return

Preparation of feasibility study and other supplementary documentation is envisaged under PPF 2002 allocation prior to contracting.

Due to the complex character of the project, the exact estimation of the outputs and the social effects is not possible at this stage. Nevertheless, the proposed project provides reasonable arguments about its sustainability, as well as its economic and social value.

The concentration of businesses, the diversification of their activities, the overall management of the base, the protection of the environment, the development of HR, support the local community efforts for resolving the economic and social task. The project is sustained with respective regional analysis, agreement documents and certificates.

11. Investment criteria

11.1 Catalytic effect:

The concentration of business activities within the renovated former military bases will have a catalytic effect on the economic development of the local municipalities. The investments of several big employers in the business will directly affect the local economy. The increased orders for services and supplies will support the creation/growth of SME and the hiring of workforce will reduce the unemployment, as well as will expand tax base and disposal incomes. The implementation of environmental management systems will keep the sites environmental friendly. The overall planning, based on the principle of partnership, will support the local authorities' efforts for provision of better social services such as fire safety protection, appropriate retraining of the local workforce or streamlined administrative services for the businesses situated in the base.

The conversion of former military bases will reduce the imbalances in development within and between the regions affected by the economic and structural reforms. The project will provide a mechanism for orderly transition of the available infrastructure from military to civilian use. It provides support for the SME and will contribute to the regional employment programs based on equal opportunities and social adaptation of marginalized groups.

11.2 Co-financing:

Co-financing will be provided through the national budget. In addition, municipal commitment to ensure running costs until the Business Zones become fully operational will be provided (see letters in the attachment). In case of insufficient occupancy rate (after the end of the management project), which could lead to lack of, enough funding for the Business zones' operations (running costs), the respective municipality will ensure such resources.

11.3 Additionality:

All investments will respect the additional principle showing that the EU support will only supplement other sources and will at no account displace the business investments and/or national and local government contribution. The designated financial investments (for equipment, maintenance and operating costs) will be made after infrastructure renovation is completed.

11.4 Project readiness and size:

All required technical documentation will be completed to be ready for contracting in time.

Technical assistance will be provided from the PPF 2002 allocation prior to contracting, so as to help prepare the documentation needed for the works contracts to be concluded. Ready ToR for the PPF is attached as Annex 4.

The project complies with project size requirements as it exceeds the minimum of 2 million euro required by PHARE for investment projects.

11.5 Sustainability:

A successful project will enhance credibility and help secure long-term support among the national, regional and local authorities' decision-makers. Base conversion is a long process based on sound needs and market analysis, realistic local and/or national goals, and practical implementation measures.

Regional economic development

Since the project shall pilot-test the National Military Base Conversion model, it will trace the milestones of military bases conversion process, which will definitely contribute to local economic and social development. Lessons learned and best practice experience based on the comparative analysis of running of two pilot sites will make it possible to multiply project outputs in converting military bases located in other regions. Such an approach tends to determine the development priorities of other Bulgarian regions having similar socio-economic characteristics. The outcomes of the project will result in improved infrastructure, assets and business environment, human resource development and improved quality of life.

Environmental benefits

The envisaged ISO 14001 certification will contribute to the long-term sustainable development of the regions. The project will enable the preservation of "green fields" sites.

11.6 Compliance with state aids provisions

The project is in compliance with Article 92 (3)(a) of the Treaty of Rome with respect to regional aid in an Objective 1 Member State. Furthermore the implementation will strictly follow National legislation and especially State Aid Act and Protection of Competition Act.

12. Conditionality and sequencing

12.1. Conditionality

Regarding project implementation each of the following terms of conditionality will be respected:

- Positive feasibility study results are basic pre-condition for triggering project activities. In case that the results of this study are negative, project will not be implemented any further.
- The current owner of the military bases is expected to make available all technical data which are needed for the feasibility assessment as well as design

of conversion works (topographical and architectural plans, drawings of engineering design, information on existing underground utilities infrastructure, former use of individual premises, etc.).

- In case that the project proposal is approved for financing by EC services, the Ministry of Regional Development and Public Works in coordination with the Ministry of Defense (present state owner of former military bases) will initiate a procedure in conformity with Bulgarian legislation for transferring the facilities' ownership to municipal authorities of Simitli and Razgrad respectively. In addition, the respective Bulgarian government authorities will ensure necessary permits/agreement from adjacent landowners for carrying out rehabilitation works.
- The municipalities of Razgrad and Simitli will present by the time of signing the Financing Memorandum an economic development plan, which includes the converted military base. The plan has to foresee options for further development of the newly created business zones, in particular for premises not covered by this conversion project.
- The newly established business zones will not be used for any other purpose than the business zone purpose for at least 10 years. Otherwise, the owner will have to return investment support to the EC.
- In condition that the cleaning and refurbishment costs have been underestimated, the necessary costs will be covered by means of additional municipal/local or private financing.
- Initially the Bulgarian government and subsequently the future owners of the business zones commits itself to ensuring a continuous and efficient management of the business park, to covering the running/operational costs of the park and its management for at least 10 years and to duly implementing the business plan to ensure viability.

12.2. Sequencing

The tender for road access improvement, which is planned to start in December 2004, will follow the Approval of Financial Memorandum. Contract awards follow the tender. Infrastructure improvement works will be implemented afterwards.

The building refurbishment and related infrastructure will start simultaneously. Works activities will be supervised under single service tender.

It is generally expected, that the business zones will become fully functional and start complementary business investment by July 2006. The above-mentioned terms could be shortened if possible.

Annexes to project Fiche

1. Logical framework matrix in standard format.
2. Detailed implementation chart.
3. Contracting and disbursement schedule by quarter for full duration of programme.
4. Terms of Reference for service contract from PPF 2002 allocation.
5. Reference list of relevant laws and regulations.
6. Reference list of relevant strategic plans and studies.

ANNEX 1: LOGFRAME PLANNING MATRIX

Project “Former Military Base Conversion”	Programme name and number	
	Contracting period expires November 2006	Disbursement period expires November 2007
	Total budget: 4.600 MEUR	Phare budget: 3.450 MEUR

Overall objective	Objectively verifiable indicators	Sources of Verification	
<ul style="list-style-type: none"> To provide instruments and business models for regional development and enhanced economic and social cohesion of regions in industrial decline thus encouraging investor's interest and develop opportunities for increased employment 	<ul style="list-style-type: none"> Regional GDP (GDP per capita) Volume of investments % reduction of unemployment Number of new jobs created 	<ul style="list-style-type: none"> EC Regular Progress Reports; Business studies and surveys; National Statistical Institute Reports Employment Office Reports 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> To transform, equip and develop two former military bases into investment business zones of SMEs, including the relevant technical business-related infrastructure in order to provide opportunities for local technological and business transfer and new jobs creation. 	<ul style="list-style-type: none"> Number of new business locations Number of new SMEs established Increase in number of new business facilities 	<ul style="list-style-type: none"> Reports of the IA; Progress reports of the Steering Committee; Official regional statistics; Reports from official regional surveys and researches. Official data of the National Statistic Institute. 	<ul style="list-style-type: none"> Continuous Government Commitment for support of regional development policies and for improvement of the conditions for business development Attraction of local and foreign investments for further development of the FMB conversion process
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> Former military bases converted in industrial and business parks including related infrastructure; Created/enlarged business area for 	<ul style="list-style-type: none"> At least 300 000 sqm. Of business area for investments created Minimum 3 km of access roads build 	<ul style="list-style-type: none"> IA reports; Reports from investors; External audit reports Employment office reports 	<ul style="list-style-type: none"> Good marketing and promotion of the region towards investors; Successful regional partnership; Businesses and investors interested;

<p>investors;</p> <ul style="list-style-type: none"> • Access roads to the zones and inside the zones reconstructed • Water systems, sewerage systems, communication systems, electrical systems constructed/modernized. • Modernised, restored and refurbished buildings for businesses • Implemented environmental management systems according to ISO 14001. • Administrative, management and monitoring structures established and operational • Human resource development and training resulting in expanded and increased expertise • Teams trained in management • Strengthen capacity of each of the two local government authorities to implement and manage Phare funded projects • Expand business development opportunities and jobs creation • Establishment of a business, demand-driven military bases conversion model with multiplying effect possibilities • Comparative analysis study developed 	<ul style="list-style-type: none"> • At least 4 km water systems, 3.5 km sewerage system, 3.5 km telecommunication systems constructed/modernized • 23 business locations positioned; • 514 direct jobs and 940 indirect jobs expected 	<ul style="list-style-type: none"> • Records of ISO 14001 certification bodies 	
Activities	Means		Assumptions
<p>Component (1) Conversion of military bases</p> <ul style="list-style-type: none"> • Clean-up works activities • Building refurbishment of the available building stock (it will be in compliance with the outputs from building stock analysis and meeting the requirements of Bulgarian legislation and the specific business activities); 	<ul style="list-style-type: none"> • Supervision Contract • Service Contract (Management) • Works Contracts 		<ul style="list-style-type: none"> • Timely and reliable execution of the project by contractors • On-time payments from contracting authority; • Effective implementation mechanism at national and regional level is set out • Upright contractors;

<ul style="list-style-type: none"> • Renovation of the infrastructure (it will be based on the infrastructure analysis and meeting the needs of municipality and businesses. It will rehabilitate the connections to the technical networks (sewerage, power lines including transformer stations, drinking water, supply water, district heating, public lighting system) • Construction and/or reconstruction of access and business related roads <p>Component (2): Business zones management</p>			
---	--	--	--

ANNEX 2 – DETAILED IMPLEMENTATION CHART

Project “Former Military Base Conversion”

	2003				2004												2005												2006												2007											
Activities / Calendar months	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	J	F	M	A	M	J	J	A	S	O	N	D
Approval of ToR under PPF				X																																																
Tendering FW contract under PPF					X	X	X	X	X																																											
Preparation of feasibility study, environmental audit, lay out statute and tender dossiers										X	X	X	X	X	X																																					
Approval of Financial Memorandum															X																																					
Establishment of Steering Committee																X																																				
Appointment of Management Boards																		X																																		
Selection of Management Teams																			X	X	X																															
Appointment of Management Teams																						X																														
Tendering Supervision Contract																		X	X	X	X	X																														
Supervision of works																						X	X	X	X	X	X	X	X	X	X	X	X	X	X	X																
Tendering for Building Refurbishment and renovation of related infrastructure (water supply, sewerage, electricity, heating, road access infrastructure) (Works contract)																		X	X	X	X	X	X	X																												
Implementation of Works Contract																							X	X	X	X	X	X	X	X	X	X	X	X	X	X																
Tendering Service Contract (Management)																		X	X	X	X	X	X	X																												
Implementing Service Contract (Management)																							X	X	X	X	X	X	X	X	X	X	X	X	X																	
Business zones fully operational																																				X																

ANNEX 3 - CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER

Project "Former Military Base Conversion"

Contracting	Cumulative contracting schedule by quarter in € m (provisional)												Total
	2005				2006				2007				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Works Contract (Phare)		3.800	3.800	3.800	3.800	3.800	3.800	3.800	3.800	3.800	3.800	3.800	3.800
Supervision Contract (Phare)		0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Service Contract (Management)			0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Total		4.000	4.600	4.600	4.600	4.600	4.600	4.600	4.600	4.600	4.600	4.600	4.600

Disbursement	Cumulative disbursement schedule by quarter in € m (provisional)												Total
	2005				2006				2007				
	I	II	III	IV	I	II	III	IV	I	II	III	IV	
Works Contract (Phare)		0.760	1.520	2.280	3.040	3.800	3.800	3.800	3.800	3.800	3.800	3.800	3.800
Supervision Contract (Phare)		0.120	0.120	0.120	0.120	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Service Contract (Management)			0.150	0.300	0.450	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Total		0.880	1.790	2.700	3.610	4.600	4.600	4.600	4.600	4.600	4.600	4.600	4.600

ANNEX 4: ToR for Feasibility Study

TERMS OF REFERENCE

Preparation of Phare 2004 Economic & Social Cohesion
FEASIBILITY STUDY FOR FORMER MILITARY BASE CONVERSION PROJECT

1. BACKGROUND

Reducing regional disparities, respectively achieving balanced regional development is basic content of the contemporary regional policy in Bulgaria. Strategic governmental policy objectives are:

- Creating the conditions for balanced endogenous development in Bulgarian regions;
- Reducing intra-regional disparities in employment, income and development opportunities;
- Creating conditions for exogenous growth in border areas.

Significant reforms undertaken in respect the Bulgarian Army since the year 2000, affected regions and lead to increased regional disparities and deepening of centre-periphery problems. This is due to lack of capacity and financial resources shortages, needed for adaptation capabilities of areas, regions and related infrastructure. Base conversion is a long process based on sound needs and market analysis, realistic local and/or national goals, and practical implementation measures.

This assignment will prepare detailed study for the project intending to start the process and promote conversion of two former military bases, according to EU Bulgarian accession policy. In addition, a successful project will enhance credibility and help secure long-term support among the national, regional and local authorities' decision-makers.

According to the Concept for Military Base Conversion approved by the Bulgarian Government and supported by the Stability Pact experts, Simitli (South-West planning region) and Razgrad (North-East planning region) are assessed as most mature projects and chosen for pilot development. Simitli and Razgrad are areas experiencing serious industrial decline. Furthermore, they were affected by the military reform, which generated extra social and economic problems. Creation of environment for SMEs development is a priority. Moreover, these areas also have good potential for cross-border co-operation. Thus, the favourable geographic location could further premise joint activities and collaboration with SMEs from Greece and Romania

Conducted programming missions reflected the European Commission's willingness to support the development of business related infrastructure in the South-West and the North-East planning regions of the country through pilot-testing Brownfield development of converted former military bases. The European Commission has received a request from the Programme Authorising Officer (PAO) to develop an economic and social analysis, legal analysis, environmental analysis and cadastre analysis of the territory of these two former military bases.

On the basis of the findings of a pre-feasibility study, the Ministry of Regional Development and Public Works (MRDPW) and the European Commission decided to carry out a detailed feasibility study for the needs of the proposed project.

Based on the regional development strategy of National Economic Development Plan and the Regional Operational Programme, the project anticipates activities in three main components:

- Removing obstacles and improving access to development support for productive sector in lagging behind areas, so as to prevent worsening of disparities;
- Creating conditions for the utilisation of local development opportunities through investments in business related infrastructure;
- Alleviating existing and potential social problems connected with extremely high unemployment levels and low income.

2. DESCRIPTION OF ASSIGNMENT

2.1 Beneficiaries

The Ministry of Regional Development and Public Works is the main Beneficiary for this particular project, through its department for Economic and Social Cohesion Programme Implementation.

The line-ministries (Ministry of Economy, Ministry of Labour and Social Policy, Ministry of Defence) and where appropriate – other partner organisations, will be fully involved in project implementation; therefore they are considered as additional beneficiaries. In line with the partnership principle, as described in Structural Funds regulations, it is important that regional representatives and stakeholders in North-East and South-West regions (district governors, municipal administrations, regional/ local associations and various regional and local non-governmental organisations) are also fully involved.

2.2. Global and specific objectives

Global objective is to develop two former military bases locations and fully equip them with relevant technical business-related infrastructure designated for investments, in order to provide increased new jobs opportunities in the target areas.

The specific objective of this contract is to fully prepare and adequately put in place the investment component of the 'Former Military Base Conversion' project, while providing the main Beneficiary – Ministry of Regional Development and Public Works with detailed and seizing in-depth study to ensure feasibility and sustainability of the proposed ESC 2004 project.

2.3. Requested services

The Consultant will conduct the study in two phases. The first phase will include data collection and review of recent surveys and pre-feasibility study to properly design and target the action. As a result, alternative solutions for Phare 2004 ESC project should be outlined. Subsequently, these alternative technical solutions will be analysed in details and consultation meetings with decision makers/stakeholders to identify the preferred technical solution will be held. Analysis of the alternatives and final technical solution should be presented in the Inception Report.

The second phase will be the essential preparation of the study. The main issues to be addressed are outlined below:

A) Relevance

The Consultant will assess the extent to which the proposed project is coherent with the country's macro-economic environment, and addresses the economic or social demands. This will involve verifying the analysis presented in the pre-feasibility study with regard to:

- the coherence of the project with the overall framework of national development objectives, and the economic and social development policies of the relevant ministries and South-West and North-East planning regions;
- the nature and number of beneficiaries potentially affected by the proposed project;
- all organisations and agencies affected by or involved in the proposed project;
- all major problems related to the proposed project, experienced by the beneficiaries and other parties involved, the causal inter-relationships of these problems, and the inter-sectoral linkages;
- other interventions or priorities of ministries, agencies and donors which may affect or be affected by the proposed project;
- information from previous studies and evaluations relevant to the proposed project.

B) Feasibility

- The Consultant will determine the feasibility of the project by analysing the alternative technical solutions, taking account of economic and financial, legal, institutional and management, environmental and socio-cultural, regulatory and operational standards and practices.

C) Pre-conditions

The Consultant will determine any pre-conditions necessary for the start of project activities. The consultants are required to propose an efficient project organisation and any phasing of project activities considered necessary. Cost estimates are to be provided for all project activities.

D) Sustainability

The consultants will assess the sustainability of the proposed project using the key sustainability factors listed below:

- policy support and co-ordination;
- economic and financial sustainability;
- technical sustainability
- institutional and management sustainability;
- legal sustainability
- environmental sustainability
- socio-cultural and gender sustainability;

These lists of issues are not exhaustive. The consultants are required to use their professional judgment and experience to review all relevant factors and to bring these to the attention of the Beneficiary and the European Commission.

The draft Feasibility Study Report (two hard copies in English and two in Bulgarian) is to be presented to MRDPW for comments two weeks before project completion date. Within a week after that, comments on the draft Feasibility Study Report should be received and amendments should be made.

The draft tender documents (two hard copies in English) are to be presented to MRDPW for comment one month before project completion date. Within two weeks, comments on the draft tender documents will be received from MRDPW. Afterwards, the Consultant will take account of these comments in preparing the final tender documents by project completion date in the same format and number of copies.

2.4. Expected Results

The study will deliver the following:

- an assessment of the relevance of the proposed project;
- a detailed analysis of the technical, economic and financial, legal, institutional and management, environmental and socio-cultural feasibility of the proposed project to address the problems identified in the economic and social sectors of the proposed planning regions and any additional problems arising in the sector of the conversion and Brown-field development of former military bases;
- a detailed analysis of the potential sustainability of the project results;
- a detailed plan which specifies indicators and sources of verification for project objectives, results and activities and incorporates required resources
- lay-out statute of former military bases including preparation of cadastre, general lay-out plan, detailed engineering design and methodological programme;
- Environmental Impact Assessment on the current state resulted from previous activities in the bases and conclusion. Developing a Remediation programme – basic objectives and

targets, recommendations for remediation the bases concerning environment; Legal assessment;

- Economic and social assessment and Cost-benefit Analysis;
- Tender documents for works and works supervision contracts.
- Risk assessment and exit strategy if the results of the study are not positive

3. EXPERTS PROFILE

3.1. Education, experience, references and category of each expert

Expert 1: Team Leader (EU expert, category II)

Team Leader should meet the following mandatory requirements:

Qualification

- university degree in civil engineering or other relevant specialisations;
- knowledge of regional and Brownfield development;
- knowledge of industrial zones development;
- skills for preparing and implementing monitoring plans and definition of corrective measures;
- excellent command of English, both spoken and written;

Experience

- a minimum of 10 years managerial experience of similar technical assistance projects is required;
- experience in preparing feasibility studies;

Advantages:

- good knowledge of Phare rules;
- knowledge/experience in former military bases conversion;
- inter-personal and communication skills;
- experience in structural funds management.

Expert 2: Project Coordinator (local expert, category III)

The Project Coordinator will assist the Team Leader in all activities. He/She will be Bulgarian expert and should meet the following obligatory requirements:

Qualification

- A university degree in economics, business studies or a related discipline;
- A good knowledge of Phare procedures;
- Excellent command of the English language both spoken and written;
- Computer skills;

Experience

- At least 5 years relevant experience;
- Project management and coordination experience;
- Experience in preparing business and/or feasibility studies;

Advantages:

- knowledge/experience in former military bases conversion;
- inter-personal and communication skills;
- experience in structural funds management.

Experts 3, 4 and 5: Cadastre/Engineering Team (3 local experts, category III)

Each of the experts should obligatorily have:

Qualification

- University degree in civil/road/water/design engineering or geodesy;
- Knowledge of regional and Brownfield development;
- Design skills;
- Excellent conduction of English language;

Experience

- Minimum 5 years experience in technical feasibility assessment of investment projects;
- Experience in the engineering field;

Advantages:

- CEEC/Phare or ISPA experience.

Following the tasks stated in the present ToR, the team of engineers should be structured/composed of experts covering the following specialisations: geodesy and geology, cadastre, architecture and design, statics, engineering of water supply, sewage, electrical, heating/ventilation and communication systems;

However, while building the team the Consultant has to be flexible and propose adequate team composition, in order to provide most appropriate and well-targeted expertise to ensure fulfillment of his duties. The Consultant is optionally in position to involve extra experts and split tasks if necessary, in order to cover the above mentioned fields. However, the total number of man-days (270) designated for the engineering team should not be exceeded. On the other hand, the Consultant should provide detailed job descriptions for each of the experts. Thus, functions and assignments will be clearly delimited and overlapping should be avoided.

Expert 6: Environmental expert (1 local or EU expert, category III)

The environmental expert should meet the following mandatory requirements:

Qualification

- University degree/professional qualification in the field of environment and/or related disciplines;
- Good knowledge of Act on environmental protection, Regulation on terms and order for performing environmental impact assessment of investments, Regulation on national scheme for environmental management and auditing;
- Qualification as Lead auditor in EMAS – the European Eco Management and Audit Scheme;
- Fluency in English

Experience

- Minimum 5 years experience in environmental analysis;
- Experienced in legislative basis, national and EU standards and practices;

Advantages:

- knowledge/experience in former military bases conversion;
- inter-personal and communication skills;
- experience in structural funds management.

Participation of local environmental expert is preferable. However, if the Consultant falls in difficult position to provide relevant local expertise, involvement of appropriate EU expert is a possible option.

Expert 7: Legal due diligence expert (1 local expert, category III)

The expert should meet the following mandatory requirements:

Qualification

- juridical university degree;
- ability to coordinate the overall working process by keeping close contact with the assignor and/or the state authorities, providing legal back-up to all members of the team if need be and finally checking and verifying the whole legal due diligence report;
- Excellent conduction of English language;

Experience

- at least 5 years relevant experience to analyze complicated legal issues in the field of property and real estates law as well as to prepare, update and give expert legal opinion on due diligence reports;
- experience in risk participation agreements; experience in participation in notary procedures;

Advantages:

- relevant experience in EU legal standards;
- experience in public/municipal property procedures.

Expert 8: Economic and social analysis expert (1 local expert, category III)

He/she should meet the following obligatory requirements:

Qualification

- University degree in economics, business studies or a related discipline;
- Knowledge of formulating rates of return and catalytic effects of projects;
- Capability for preparing cost-benefit analyses;
- Excellent conduction of English language;

Experience

- at least 5 years experience in economic development projects;
- experience in preparing cost-benefit analysis of investment projects;

Advantages:

- familiarity with EU Phare programme;
- research and development experience in industrial zones development, business incubators etc.;
- familiarity with PRAG procedures.

3.2. Working languages

Working language will be English.

4. LOCATION AND DURATION

4.1 Starting date: 01st March 2004

4.2 Finishing date of assignment: 30th August 2004

4.2 Schedule and number of days for the assignment per expert:

Experts	Period	Calendar Days
1. Team Leader – EU (category 2)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	01.08.2004 – 30.08.2004	30
Total:		60
2. Project Coordinator – local (category 3)		
Mission 1	01.03.2004 – 14.04.2004	45
Mission 2	17.06.2004 – 30.08.2004	75
Total:		120
3. Engineer #1 – local (category 3)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	02.07.2004 – 30.08.2004	60
Total:		90
4. Engineer #2 – local (category 3)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	02.07.2004 – 30.08.2004	60
Total:		90
5. Engineer #3 – local (category 3)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	02.07.2004 – 30.08.2004	60
Total:		90
6. Legal Expert – local (category 3)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	01.08.2004 – 30.08.2004	30
Total:		60
7. Environmental Expert – local or EU (category 3)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	02.06.2004 – 30.08.2004	90
Total:		120
8. Economist – local (category 3)		
Mission 1	01.03.2004 – 30.03.2004	30
Mission 2	02.07.2004 – 30.08.2004	60
Total:		90

4.4 Location of the assignment

The location of the assignment will be MRDPW, Republic of Bulgaria

The contractor will set up an office in the premises of MRDPW. The contractor should ensure provisions for reimbursable costs in accordance with User's Guide (Extension of the AMS/451 AT 01/04/2003) - car hire (one car per site) for the trips (frequent travels to the regions should be provided), support staff expenses, translation and others.

5. REPORTING

The Consultant will present an Inception Report within 6 weeks of the start of the contract.

The Inception Report should indicate Consultant's approach to the following activities:

- fact finding/data collection/surveys omitted in the pre-feasibility study or requiring updating;
- identification of alternative solutions for the proposed project;
- analysis of alternative technical solutions;
- a briefing report summarising the analysis of the alternative solutions;
- consultation meetings with decision makers/stakeholders to identify the preferred technical solution;

This report will set out the alternative technical solutions for the project in sufficient detail to enable an informed decision to be made on the preferred solution.

The Consultant will prepare Final Report and it should be submitted one month after completion of activities at the latest.

Both Inception and Final Reports should be submitted to:

The EC Delegation (one in English)

Mr. Hermann Hagspiel
3 Moscovska Str.
1000 Sofia, Bulgaria

The CFCU (one in English)

1.1.1.1. Mr. Vladimir Valchev

CFCU Director
Ministry of Finance
102 Rakovsky Str.
1040 Sofia, Bulgaria

The Ministry of Regional Development and Public Works (one in English and one in Bulgarian)

Ms. Tsvetomira Latcheva
Deputy PAO for PHARE
Ministry of Regional Development and Public Works
17-19 Kiril i Medodii Str.
1202 Sofia, Bulgaria

ANNEX 5: Relevant Laws and Regulations

- Commission Regulation (EC) No 2355/2002 of 27 December 2002 amending Commission Regulation (EC) No 438/2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds
- Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds
- Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund
- Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund
- Commission Regulation (EC) No 1159/2000 of 30 May 2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds;
- Commission Regulation (EC) No 1685/2000 of 28 July 2000 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of operations co-financed by the Structural Funds;

1. Land Management Law

Renewal, State Gazette, n. 1 from 2.01.2001, enforcement from 31.03.2001, alteration, n. 41 from 24.04.2001, n. 111 from 28.12.2001, n. 43 from 26.04.2002, alteration and annex, n. 20 from 4.03.2003, n. 65 from 22.07.2003

1a. Regulation

2. Territorial Conglomerate Management Law – discharged by Land and Management Law, applied as supplement to established legal relations

Renewal, State Gazette, n. 29 from 10.04.1973, enforcement from 1.06.1973, correction, n. 32 from 20.04.1973, alteration, n. 87 from 8.11.1974, enforcement from 1.12.1974, n. 3 from 11.01.1977, alteration annex, n. 102 from 30.12.1977, enforcement from 1.01.1978, alteration, n. 36 from 8.05.1979, n. 3 from 11.01.1980, alteration annex, n. 45 from 8.06.1984, n. 19 from 8.03.1985, alteration, n. 36 from 9.05.1986, alteration annex, n. 14 from 19.02.1988, n. 31 from 17.04.1990, correction, n. 32 from 20.04.1990, alteration, n. 15 from 22.02.1991, alteration annex, n. 63 from 14.07.1995, alteration, n. 104 from 6.12.1996, enforcement from 7.01.1997, alteration annex, n. 41 from 10.04.1998, n. 79 from 10.07.1998, correction, n. 89 from 3.08.1998, alteration annex, n. 124 from 27.10.1998, annex, n. 133 from 11.11.1998, n. 26 from 23.03.1999, enforcement from 23.03.1999, alteration, n. 86 from 1.10.1999, annex, n. 14 from 18.02.2000, alteration annex, n. 34 from 25.04.2000, enforcement from 1.01.2001, from, n. 1 from 2.01.2001, enforcement from 31.03.2001

2a. REGULATION for applying Territorial Conglomerate Management Law

3. Cadastre and Property Register Law

Renewal, State Gazette, n. 34 from 25.04.2000, enforcement from 1.01.2001, alteration, n. 45 from 30.04.2002, n. 99 from 22.10.2002

4. State Ownership Law

Renewal, Alteration, n. 92 from 16.11.1951, enforcement from 17.12.1951, alteration annex, n. 12 from 11.02.1958, alteration, n. 90 from 8.11.1960, STATE GAZETTE, n. 99 from 20.12.1963, annex, n. 26 from 30.03.1973, alteration annex, n. 27 from 3.04.1973, alteration, n. 54 from 12.07.1974, enforcement from 1.10.1974, alteration annex, n. 87 from 8.11.1974, enforcement from 1.12.1974, alteration, n. 55 from 14.07.1978, n. 36 from 8.05.1979, n. 19 from 8.03.1985, alteration annex, n. 14 from 19.02.1988, n. 91 from 2.12.1988, n. 38 from 19.05.1989, n. 31 from 17.04.1990, alteration, n. 77 from 17.09.1991, alteration annex, n. 33 from 19.04.1996, enforcement from 1.06.1996, alteration, n. 100 from 31.10.1997, n. 90 from 15.10.1999, alteration annex, n. 34 from 25.04.2000, enforcement from 1.01.2001, alteration, n. 59 from 21.07.2000, enforcement from 21.07.2000

4a. Regulation for applying Ownership Law

5. State Ownership Law

Renewal, State Gazette, n. 44 from 21.05.1996, enforcement from 1.06.1996, alteration, n. 104 from 6.12.1996, enforcement from 7.01.1997, alteration annex, n. 55 from 11.07.1997, enforcement from 11.07.1997, annex, n. 61 from 1.08.1997, alteration, n. 117 from 10.12.1997, enforcement from 1.01.1998, annex, n. 93 from 11.08.1998, alteration annex, n. 124 from 27.10.1998, alteration, n. 67 from 27.07.1999, enforcement from 28.01.2000, n. 9 from 1.02.2000, enforcement from 1.02.2000, annex, n. 12 from 11.02.2000, alteration, n. 26 from 29.03.2000, n. 57 from 14.07.2000, n. 1 from 2.01.2001, enforcement from 31.03.2001; Decision N 7 from 10.04.2001 of the Constitutional Court of Republic of Bulgaria - n. 38 from 17.04.2001; alteration, n. 45 from 30.04.2002, alteration annex, n. 63 from 15.07.2003, enforcement from 16.08.2003

5a. Regulation for applying State Ownership Law

6. ORDINANCE N 1 from 30.07.2003 for nomenclature of types of construction

Issued by the Minister of Regional Development and Public Works, Renewal, State Gazette, n. 72 from 15.08.2003

7. ORDINANCE N 2 from 31.07.2003 for instruction to construction exploitation in Republic of Bulgaria, guarantee deadlines for performing construction of platforms, equipment construction targets.

Issued by the Minister of Regional Development and Public Works, Renewal, State Gazette, n. 72 from 15.08.2003

8. ORDINANCE N 3 from 31.07.2003 for issuing the acts for protocol time of construction.

Issued by the Minister of Regional Development and Public Works, Renewal, State Gazette, n. 72 from 15.08.2003

9. ORDINANCE N 13 from 23.07.2001 for coercive execution of order for removing illegal construction by organs of Directorate of National Construction Control.

Issued by the Minister of Regional Development and Public Works, Renewal, State Gazette, n. 69 from 7.08.2001, enforcement from 7.08.2001

10. TARRIF N 14 for taxes collected within framework of Ministry for Regional Development and Public Works from District Governors (Heading *alteration* – State Gazette, n. 99 from 2001) – **concerning taxes for agreement on approval of investment projects, issuing of construction permits concerning acts for legalization of construction targets.**

Approved by CMD N 175 from 5.08.1998, Renewal, State Gazette, n. 94 from 12.08.1998, correction, n. 110 from 23.09.1998, annex, n. 55 from 18.06.1999, alteration, n. 41 from 19.05.2000, alteration annex, n. 99 from 20.11.2001, annex, n. 99 from 22.10.2002, enforcement from 22.10.2002

11. Public Orders Law

Renewal, State Gazette, n. 56 from 22.06.1999, alteration, n. 92 from 10.11.2000, enforcement from 1.01.2001, annex, n. 97 from 28.11.2000, enforcement from 1.01.2002, alteration annex, n. 43 from 26.04.2002, alteration, n. 45 from 30.04.2002

12. Concession Law

Renewal, State Gazette, n. 92 from 17.10.1995; Decision N 2 of Constitutional Court of Republic of Bulgaria from 6.02.1996 - n. 16 from 23.02.1996; alteration, n. 44 from 21.05.1996, enforcement from 1.06.1996, alteration annex, n. 61 from 1.08.1997, annex, n. 123 from 22.12.1997, alteration, n. 93 from 11.08.1998, n. 23 from 12.03.1999, n. 56 from 22.06.1999, n. 64 from 16.07.1999, n. 67 from 27.07.1999, enforcement from 28.01.2000, alteration annex, n. 12 from 11.02.2000, alteration, n. 64 from 4.08.2000, enforcement from 1.08.2000, alteration annex, n. 97 from 28.11.2000, enforcement from 1.01.2002, alteration, n. 28 from 19.03.2002, n. 63 from 28.06.2002

13. Regional Development Law

Renewal, State Gazette, n. 26 from 23.03.1999, enforcement from 23.03.1999

ANNEX 6: LIST OF RELEVANT STRATEGIC PLANS AND STUDIES

- National Economic Development Plan (NEDP) (revised June 2003)
- Regional Operational Programme (August 2003)
- Multi-annual Indicative Programme 'Regional Development and Business-related Infrastructure'
- National Strategy for Participation of Bulgaria in Structural Funds and the Cohesion Fund

TO
MR. VALENTIN TSEROVSKI
MINISTER OF REGIONAL
DEVELOPMENT AND PUBLIC WORKS

1202 Sofia, Bulgaria
17-19 Cyril and Methodius Str.
Tel: 02/ 980 48 48
Fax: 02/ 983 56 85

Attention to:

Mrs. Tsvetomira Latcheva – Deputy PA()

Mrs. Boyana Chavdarova – DG "Programming of Regional Development"

DEAR MR. TSEROVSKI,

In connection to the proposal of The Ministry of Regional Development and Public Works under Financial Memorandum 2004, "Economic and Social Cohesion" Component of The National PHARE Program 2004 for conversion of released military sites in the towns of Razgrad and Simitli into business zones, I would like to inform you with this letter that The Municipality of Simitli declares its full support to the project.

In case of financing of the project and the planned activities The Municipality of Simitli expresses its readiness to take care of and maintain the converted business zones, as well as to financially support a relevant managerial and administrative team, which to meet the criteria for management of similar structures. Besides, The Municipality of Simitli will undertake the running costs of the new business zone until it is capable of self-financing.

MAYOR OF MUNICIPALITY OF SIMITLI

APOSTOL APOSTOLOV





MUNICIPALITY OF RAZGRAD

tel.: (084) 660 091
fax: (084) 660 090
e-mail: uzunov@infotel.bg
37A Beli Lom Blvd
Razgrad 7200

MR. VALENTIN TSEROVSKI
MINISTER OF REGIONAL
DEVELOPMENT AND PUBLIC WORKS

12 Sofia, Bulgaria
17-19 Cyril and Methodius Str.
Tel.: 02/ 980 48 48
Fax: 02/ 983 56 85

Our Ref. ...04-00-50.1

Date: .30.04. 2004 г.

Attention to:

Mrs. Tsvetomira Latcheva – Deputy PAO

Mrs. Boyana Chavdarova – DG “Programming of Regional Development”

DEAR MR. TSEROVSKI,

In connection to the proposal of The Ministry of Regional Development and Public Works under Financial Memorandum 2004, “Economic and Social Cohesion” Component of The National PHARE Program 2004 for conversion of released military sites in the towns of Razgrad and Simitli into business zones, I would like to inform you with this letter that The Municipality of Razgrad declares its full support to the project.

In case of financing of the project and the planned activities The Municipality of Razgrad expresses its readiness to take care of and maintain the converted business zones, as well as to financially support a relevant managerial and administrative team, which to meet the criteria for management of similar structures. Besides, The Municipality of Razgrad will undertake the running costs of the new business zone until it is capable of self-financing.

MAYOR OF MUNICIPALITY OF RAZGRAD


VENELIN UZUNOV