SUMMARY PROJECT FICHE

Project Number: BG 9908.02

Title: Capacity Building for the accelerated growth of the Small and Medium Sized Enterprise (SME) Sector in Bulgaria

Sub-programme: Economic reform

Geographical Location: Bulgaria

Objectives

The broad objective of this project is to encourage accelerated growth of the SME sector in Bulgaria. This will help to fulfil the economic criteria for EU accession in line with the Accession Partnership and the NPAA and create the new jobs that are urgently required to minimize the social costs of transition, whose magnitude could jeopardize the whole reform process in the future.

Within the framework of this broad objective, the project will deliver the following immediate outputs:

- It will improve the capacity of the national SME Agency (ASME) to act as national SME policy promoter and co-ordinator of the SME sector, and provide advise on further simplification of the administrative and legal procedures and rules in favour of entrepreneurship and business development.

- It will up-grade the services (including training, information and consulting advice) provided by the regional SME business centres of the Bulgarian Association of Regional Development Agencies and Business Centres (BARDA) in line with EU quality standards, and make these services accessible throughout the whole country for individual SMEs.

Background

After the first two years of implementation of sweeping financial reforms and the introduction of a Currency Board, the Bulgarian Government has achieved improvements in macro economic stability. However, the remaining vestiges of the command economy, the continuation of significant state ownership and the squeeze on credit have led to an industrial structure that is characterized by a relatively small private SME sector compared to the other emerging market economies in the region, and a relatively small contribution of SMEs to employment in the country.

In the immediate future, the Government has to face some severe challenges, including economic slowdown caused by the regional conflict in Kosovo and closure of Bulgarian-Yugoslavian border, significant impact on employment from privatization or closure of large lossmaking state enterprises, and a temporary "braking effect" on private sector growth from financial sector reforms. There is a pressing need to revive private sector economic activity and provide assistance to help address the employment and social implications of these changes.

State of the Bulgarian SME sector

After the start of reforms in 1990, the number of registered enterprises in Bulgaria grew rapidly. They were mostly small businesses and micro companies with main activities in the field of retail business. In 1997, there were 187,462 (175,245 in 1996) operating SMEs, representing 98.6% of all registered economic entities, a major part of them being micro-companies with a high rate of self employment (National Statistic Institute). However, the number of SMEs in Bulgaria is still much lower compared
to other Central and Eastern European Countries (CEECs). After the introduction of the Currency Board in July 1998, new requirements for share capital were set up (EURO 2,500 for a limited liability company). Many of the SMEs were not able to increase their initial capital to the required level and as a result ceased their activities. The largest number of private enterprises have been registered in low-capital sectors, whereas in industry and construction the number of newly registered enterprises is still lower than in other CEECs. While the SME sector has been growing in Bulgaria, the legal and financial framework did not support start-up and growth of SMEs before 1998. Macro-economic instability, lack of SME policy, the high level of crime and corruption forced many SMEs until that time to operate in the shadow economy. The introduction of the Currency Board stabilized the situation and strengthened confidence in the economic future, which now has become more predictable.

Major problems of SMEs in Bulgaria

Compared to large businesses, SMEs suffer more severely from slow bureaucratic procedures and corruption. Lack of accurate and timely information is more critical for their survival. Since SMEs are not diversified, their narrow field of operation makes them dependent on single suppliers and clients. Shortage of information about domestic and foreign markets, customs regulations and international legislation impedes their activity.

The major obstacles for the sustainable development of the Bulgarian SME sector are:

- SME-disadvantageous macro-economic factors (among others, difficult access to capital, slow privatization, weak public administration);
- Low level of nation-wide and international market integration and information (SMEs produce mainly for local markets, restricted adoption of lessons learnt in other CEECs and insufficient dissemination of information);
- Managerial weaknesses (lack of skills for preparing sound business plans and inadequate transfer of feasible know-how, lack of presentation skills and business-like attitude in an international environment).

Aware of the major problems in the SME sector, the Bulgarian Government has introduced a number of important measures that require concerted inter-ministerial private sector development response. It appointed a SME Agency (ASME) to co-ordinate SME policies and tackle administrative and legal issues.

ASME was founded in July 1997 at the Ministry of Industry. Upon passing of the SME Law (now under second reading in the Parliament), it will become the central governmental unit for the promotion and co-ordination of SME policy in Bulgaria, directly subordinated to the Council of Ministers. The anticipated up-grading of ASME in the political structure of Bulgaria underlines the clear commitment of the Government to the potentially extended role of the agency which makes it more likely that the latter will play a significant role in the medium and longer term. ASME has now 18 staff members organized in four departments (international programmes, information, regional initiatives and financial instruments) headed by an executive director. The organizational structure of ASME and its track record since July 1997 are clear indications for ASME’s ability to absorb input and deliver results as described in this project fiche.

Since October 1998, ASME has received technical assistance under the Phare 1997 GTAF programme. The main areas of activity are:

- Direct assistance to ASME and BARDA (including equipment, training, business planning and support to local initiatives);
- Assistance in formulating policy and legal advice to the Government;
• Development of more feasible concepts targeted to increase access to capital for SMEs;
• Advice concerning the preparation and implementation of donor funded programmes for SMEs in Bulgaria and support to the Phare Credit Line.

Further technical assistance is needed under the new project described in this fiche, on the basis of achievements reached under the current GTAF:

• A study on the provision of new financing facilities has been prepared. Based on the findings of the study, this project will concentrate on helping SMEs develop and implement sound business plans and thereby facilitate access to capital.
• SME sector studies indicate a low level of international market integration of Bulgarian SMEs. This project will support them to explore new export opportunities e.g. through participation in international fairs.
• An information strategy for ASME is being developed and technical equipment has been provided. The project will provide continued assistance for implementation of information strategy in close co-operation with BARDA.
• Policy and legal advice is currently mainly provided at central governmental level. The project will complement previous efforts through development of SME policy at regional level.
• Five local BARDA centres are up-grading their technical capacities. The new project will assist with the creation of additional local BARDA centres and will focus on building institutional linkages between BARDA and the public administration in the 28 regions.

Description

The project will consist of the following enterprise and policy-level components that will complement each other.

1. Assistance to SME Development (enterprise level)

Beneficiary: BARDA centres.

This part of the project is designed to assist individual SMEs in Bulgaria to increase their competitiveness and to cope with market forces within the Union in the medium-term. Assistance will be provided through BARDA, not directly to individual SMEs.

1.1 Business Plan Development

One of the major problems for SME development in Bulgaria is insufficient access to financing. Because of the bank crisis two years ago, banks are not willing to give loans or if they do, they offer credits at very high interest rates and collateral. On the other hand, SME managers do not have the necessary managerial knowledge and skills to prepare comprehensive business plans for applying for credits to the financial institutions. In the future Phare and EBRD (and probably other donors) will help provide financing to SMEs through new loan and equity instruments. SMEs need to be prepared to apply successfully for loans through the presentation of business plans. Consulting services will be provided to the regional BARDA centres on how to help SMEs develop and implement sound business plans. The scope of work will include:

• Assessment of existing know-how and experience of local BARDA experts;
• Direct consulting, training and coaching of BARDA experts to fill know-how gaps assessed earlier.

Outputs: Local BARDA experts with up-graded consulting skills on business plan development. BARDA centres able to help SMEs develop sound business plans.
1.2 Training for SME intermediaries

Training will be provided to local BARDA experts through seminars and on-the-job coaching in SME-related topics such as business management, pricing, negotiating contracts, marketing and quality management. Assistance will be provided in preparing training material (e.g. manuals, guidelines and other documents) to be used by BARDA and ASME in order to capture and institutionalise this investment in human resource development.

**Output:** BARDA centres provide better consulting services and training to individual SMEs.

1.3 International business promotion events

The purchasing power of Bulgarian consumers is still very low. Hence SMEs need to penetrate foreign markets. External experts will implement training seminars and will give direct advice to BARDA business centres (not to individual SMEs) on how to prepare individual SMEs for successful participation in international promotion events. This activity will be done in co-operation with the EIC. Funding for participation in international business promotion events will be extended to selected SMEs with export potential that have successfully undergone the training seminar. SMEs will also contribute financially for their international participation.

**Outputs:** BARDA experts trained to assist SMEs for participation in international fairs. Selected SMEs with export potential take part in international events.

1.4 Dissemination of information

Bulgarian SMEs do not have enough information on national and international incentive schemes and programmes. BARDA will be assisted with the elaboration of further information material and encourage co-operation with the Euro Info Centres (EIC). At present, the management of the Bulgarian EICs is being reorganised. BARDA and ASME will contact the new management as soon as possible in order to avoid overlap of activities and to integrate them into the SME intermediary work. The official publication of information material and provision of information on EU programmes and the acquis communautaire is the responsibility of the EIC. Therefore, the EIC should be associated in the development of this component and any overlapping should be avoided.

Publications will cover:
- Manual: How to set up an SME
- Directory of SME incentive schemes
- Directory of local SME business centres and incubators
- Existing European Programmes for SMEs (e.g. Phare Joint Venture Programme, EIC, etc.)

**Outputs:** Up-to-date information is available and disseminated to SMEs through the SME intermediaries.

2. Assistance for SME Policy Development (macro-economic level)

Beneficiary: ASME.

2.1 Policy Advice

ASME needs to frame its policy advice and lobby for policy changes at national level. Assistance will
be provided to the local and regional officials in defining their responsibilities in the regulatory area, aiming at encouraging the development of a more favourable environment for SMEs. ASME will help in launching initiatives for SME promotion at regional level e.g. through the identification of suitable market niches for the SMEs.

Furthermore, assistance will be provided to ASME for preparation of the national and regional SME development programmes in view of the pre-structural funds and Phare instruments from year 2000 onwards. In particular, local authorities of the selected target regions, in consultation with the Ministry of Regional Development and Public Works, will be assisted for the identification of regional projects for the promotion of the SMEs sector and prepare for application for Phare 2000, in compliance with the new Phare guidelines.

**Outputs:** Policy advice to ASME and seminars for public officers from regional administrations. National and regional SME development programmes in view of the pre-structural funds and Phare instruments from year 2000 onwards. Mature projects to be submitted for Phare 2000, in compliance with the new Phare guidelines.

2.2 Legal Advice

To date, the SME Law has still not been enacted. After its adoption there will be a need to elaborate regulations for its implementation. It is expected that the SME Law and its regulations will be adopted before the start of the project in the year 2000. The Consultant will assist ASME to carry out a survey and offer guidance on the effect of the implementation of the SME Law and its regulations. Also, further legal advice will be provided to ASME on the development or amendment of SME-relevant laws and regulations, including VAT Law, Competition Law, Law on State Aids and Public Procurement Act.

**Output:** Proposals for amendments and practical operation of the SME-relevant laws and regulations.

2.3 National Network of SMEs intermediaries

BARDA has currently 19 local centres out of which 5 receive technical assistance under GTAF. Also under GTAF, quality criteria for the performance of the BARDA centres are being developed. The ASME and BARDA are planning to create 9 additional BARDAs in order to have representations in the existing 28 micro-regions.

A feasibility study will be prepared indicating whether this component should be addressed only to the existing 19 BARDAs or the 28 BARDAs, if the 9 new BARDAs will have been set up by the project can start. The scope of work will include technical assistance and advice to the existing BARDA centres to set up a operational network and continue to implement the assessment of BARDA centres against the quality criteria developed under GTAF.

**Output:** Standardisation of quality performance of the BARDA centres. Creation of a national network for SME intermediaries, complying with the quality requirements developed under GTAF.

2.4 International Networking

ASME can benefit from the experiences of similar agencies in other countries that have worked in the SME sector for a longer period of time. The lessons learned will help ASME enhance its performance as SME policy promoter. The project will provide advice for the implementation of international collaboration initiatives that are likely to have a tangible and sustainable benefit on the ASME’s institutional capacity. These initiatives will also include international seminars and conferences on
SME relevant issues.

**Output:** Consistent permanent working relations established between ASME and similar entities abroad and transfer of know-how and related documentation.

**Institutional framework**

The two key institutions benefiting from the project will be ASME and BARDA.

Upon enactment of the SME Law, ASME will be the administrative unit at the Council of Ministers undertaking activities for the implementation and co-ordination of national policy for SME development. ASME will assist in the co-operation between the government institutions, the organisations supporting SMEs and the local government authorities. An Advisory Board will be established at ASME whose members will include representatives from line ministries, industrial and commercial chambers and unions, the National Assembly and the newly established SME Promotional Bank. ASME is financed by the state budget, since the beginning of 1999, under a separate cost accounting unit. With the enactment of the SME Law, the financing of ASME through the state budget will be mandatory.

ASME has access to the following government provided budget in the FY 1999:

**Table: State budget for SME Agency, FY 1999 (in rounded EURO)**

<table>
<thead>
<tr>
<th>Item line</th>
<th>Budget (in rounded EURO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; other remuneration</td>
<td>30,000</td>
</tr>
<tr>
<td>Social security &amp; unemployment fund</td>
<td>11,000</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>13,000</td>
</tr>
<tr>
<td>Stationary and services</td>
<td>21,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75,000</strong></td>
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</tbody>
</table>

The main beneficiary of Item 2 of the project is the ASME. ASME will play a key role in SME policy development upon enactment of the SME Law. ASME has the necessary resources (human and technical) to absorb consulting services being made available under the project.

BARDA is a non-governmental association (NGO) representing 19 local SME business centres and incubators in Bulgaria (a list of BARDA centres is attached in annex 8). It is currently the leading NGO in the Bulgarian SME sector. BARDA has a proven track record and a well developed technical infrastructure. The organisation structure of BARDA and its management bodies (regular general assemblies of all BARDA members, Board of Directors, Executive Manager and President) are qualified to ensure absorption of future inputs provided by international consultants. BARDA has collaborated closely with ASME since the ASME's establishment. The regional BARDA centres create income through membership fees, provision of paid consulting and training services and participation in international technical assistance programmes. The headquarters of BARDA in Sofia covers its expenses through membership fees and financial support from international donors (ILO/UNDP, German Technical Assistance).

The BARDA centers are the beneficiaries of Item 1 of the project. The final recipients are the individual SMEs in Bulgaria which seek advice in the local BARDA centers. The existing network of 19 BARDA centers will provide an excellent platform for direct communication and co-operation with individual SMEs. The President of BARDA is in a position and will assume full responsibility for the technical management of this part of the project.
Budget (MEURO):

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>Recipient</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistance to</td>
<td>1.53</td>
<td>1.53</td>
<td>See comment</td>
<td></td>
<td>1.53</td>
</tr>
<tr>
<td>SME Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistance to</td>
<td>1.27</td>
<td>1.27</td>
<td></td>
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<td>1.27</td>
</tr>
<tr>
<td>SME Policy</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.80</td>
<td>2.80</td>
<td></td>
<td></td>
<td>2.80</td>
</tr>
</tbody>
</table>

Implementation arrangements

General arrangements

The implementing authority will be ASME, in close collaboration with BARDA.

The Central Finance and Contracts Unit (CFCU) will be responsible for tendering, contracting, payments and financial reporting, in accordance with the Decentralised Implementation System.

The project will be tendered in accordance with standard Phare procedures and eventually contracted as one contract.

A project steering committee will be established, with the help of which policy makers and implementing agents will communicate more consistently. This steering committee should be chaired by the Executive Director of ASME who will report to the Council of Ministers and who will provide a Secretariat. (S)he will be responsible for the preparation and documentation of regular meetings. (S)he and the President of BARDA will be best familiar with SME policy and hence can well ensure the achievement of synergetic effects. At the same time, the Chairman of the Steering Committee will be able to feed back information and opinions expressed by the other members of the Steering Committee to the Council of Ministers. The following members should be nominated:

- Task Manager from EC Delegation Sofia;
- BARDA President;
- Project Director of the Consultant;
- ASME Executive Director;
- Head of Economic Committee of the Parliament, as observer only.

Implementation schedule

Start of tendering | Start of project activity | Completion
December 1999     | March 2000                | September 2002

Conditionality and sequencing

The fulfilment of the conditionalities will be verified by the services of the Commission before the project can start.
• Adoption of Bulgarian SME Law (foreseen in 1999).

The draft SME Law defines the bodies to provide and coordinate SME policy as well as the measures for promotion of SME start-up and development. It places the ASME directly under the Council of Ministers, which means that the Agency potentially will have an expanded role in the future. It also defines the terms “micro”, “small” and “medium-sized” company in compliance with the EU recommendations that should be taken into consideration when assessing the companies for support and assistance. According to the draft SME Law, ASME will have representatives in the municipalities and regions for SME support and dissemination of SME information.

As noted earlier, the draft SME Law is still under second reading in the Parliament and its adoption is expected to take place not later than the end of 1999. At present, the existence of ASME is only based on an ordinance of the Council of Ministers at the Ministry of Industry. With the adoption of the SME Law, ASME will operate on a firm legal basis and will enjoy a higher degree of political authority towards the Line Ministries and the Public Administration.

List of annexes:

1. Logframe planning matrix
2. Tables
   a. Cumulative contracting and disbursement schedule
   b. Detailed implementation chart
3. Breakdown of the sub-projects
4. Relations with previous Phare activities and with on-going projects financed from other sources
5. Reference to relevant Government Strategic Plan
6. List of Bulgarian Associations of Regional Development Agencies and Business Centres (BARDAs)
7. Organization chart of the Agency for Small and Medium-Sized Enterprises (ASME)
LOGFRAME PLANNING MATRIX FOR *(Capacity building for the accelerated growth of the SME sector in Bulgaria)*

<table>
<thead>
<tr>
<th>Wider Objective</th>
<th>Indicators of Achievement</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| **Accelerated growth of SME sector in Bulgaria** | • Increased number of SMEs  
• Creation of jobs  
• Regional development | • National Statistical Institute (NSI)  
• NSI and micro-census carried out by ASME  
• Regional surveys (ASME and BARDA) | • No major external political or economic shocks  
• Stability in economic policy  
• Effective implementation of SME policy |

<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement*</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| **ASME more effectively supports the implementation of the NPAA;** | • Economic development plans are available in selected regions and municipalities  
• Legal and administrative changes in favor of SMEs  
• National SME network enlarged and performing better quality.  
• Skills development activities are implemented  
• Information material available and PR campaign implemented  
• Feasible business plans are available and legible for external financing  
• National and Regional Development Plan includes significant measures for the SME sector  
• Projects for the SMEs sector | • Self-assessment through ASME and BARDA  
• Joint annual report as prepared by ASME and the Economic Committee of the Parliament  
• ASME will report on quality, number and feasibility of local and regional economic development plans  
• ASME and regional development agencies will assess the publications as being made available during the project; feedback from end-user will be taken into consideration before printing and delivery of info material.  
• SME intermediaries are first contact point and assessment center for business plans as developed by SME throughout the whole project  
• Monitoring and evaluation of training activities through ASME, participants and external monitoring expert.  
• EC services. | • Open minded and competition oriented policy makers have to be identified for training and consulting in order to prepare and implement SME friendly development plans.  
• Focus on specific laws and regulations that mostly affect the setting up and development of SME is necessary. Feasibility study has to explore realistic options for the preparation of legal amendments. Close co-operation with Parliament is required.  
• Existing and newly established SME intermediaries are motivated to join national SME network. Quality assessment is the critical factor for selection of members of national network.  
• Not all SME intermediaries are competent enough and some regions are still not covered by them.  
• Service provided by SME network meets the demand of individual SME. |
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators of Achievement*</th>
<th>How, When and By Whom Indicators Will Be Measured</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasible SME business plans ready for implementation.</td>
<td>Financing and implementation of SME business plans</td>
<td>National SME network under the guidance of BARDA and ASME; quality of business plans is assessed by SME Promotional Bank and other organizations providing financing facilities for SME</td>
<td>Capacity building helps SME intermediaries to become self-sustainable; commitment and low fluctuation of local experts is critical.</td>
</tr>
<tr>
<td>Consulting service of BARDA to the individual SME meets quality criteria</td>
<td>Quality assessment and increased demand of service</td>
<td>Self-assessment and external evaluation of the performance of the national SME network against self-set goals and objectives.</td>
<td>Only qualified SME intermediaries join the network, commitment of all members, added value for the network has to be the driving force behind it.</td>
</tr>
<tr>
<td>SME participate in international promotion events.</td>
<td>Presence at international fairs, volume of contract concluded there</td>
<td>Surveys by ASME and BARDA</td>
<td>Development plans must meet the needs of SME and have to be feasible; commitment of regional and municipal administration is necessary.</td>
</tr>
<tr>
<td>Information for SME is prepared and published</td>
<td>Assessment of information material and comparative before/after study</td>
<td>Observation unit consistent of representatives from ASME, Parliament and public administration will assess legal changes through quarterly workshops.</td>
<td>Strong support by Council of Ministers, line ministries and public administration and close co-operation among all stakeholders; readiness to fully support SME instead of controlling them.</td>
</tr>
<tr>
<td>Four seminars for regional policy makers are implemented.</td>
<td>Performance of local administration towards SME</td>
<td>Different skills development activities will be assessed by trainees, BARDA, ASME and implementing agents throughout the whole programme. Follow-up evaluation focusing on the concrete effects of training is recommended.</td>
<td>Time constraints and availability of local expertise; heterogeneity of target groups requires careful planning; skills development activities are organized in a decentralized way reaching for becoming cost effective in the future.</td>
</tr>
<tr>
<td>Survey on the adoption of the SME Law and three white papers on legal advice</td>
<td>Parliament and other relevant bodies approve and promulgate legal amendments</td>
<td>EC services</td>
<td>The SMEs sector is not a priority for the Government in the National and Regional Development Plan.</td>
</tr>
<tr>
<td>New SME business center and standardization of quality performance</td>
<td>Quality assessment and direct feed back from SME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SME Agency works consistently with similar agencies in the EU and CEEC.</td>
<td>Working relations between different SME agencies are established</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SME Agency provides information bridge between Government and SME sector.</td>
<td>Reception of information on grass-root level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMEs sector component of the National and Regional Development Plan for Bulgaria</td>
<td>National and Regional Development Plan for Bulgaria adopted and submitted to the Commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature projects for Phare 2000</td>
<td>Projects for Phare 2000 submitted to the Commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inputs</td>
<td>Indicator of achievement</td>
<td>How, when and By Whom Measured</td>
<td>Assumptions and Risks</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>- EU experts</td>
<td>- Contract, time-sheets and assessment of outputs;</td>
<td>- CF CU and Commission Services assess performance of the Consultant at least on a quarterly basis;</td>
<td>- EU expert must be familiar with the SME sector in Bulgaria and should have proven theoretical and practical know-how in the field of SME policy;</td>
</tr>
<tr>
<td>- Bulgarian experts from ASME, BARDA and other external local experts</td>
<td>- Contract, time-sheet and assessment of outputs;</td>
<td>- CF CU and Commission Services assess performance of the Consultant at least on a quarterly basis;</td>
<td>- Highly developed skills in SME policy analysis and development plus a broad knowledge to EU/Phare policy towards Bulgaria, especially on enterprise level;</td>
</tr>
<tr>
<td>- Commitment and fees of individual SME</td>
<td>- Payments of fees by individual SMEs in time and sizeable commitment (e.g. participation in training seminars, common organisation and implementation of micro-projects, etc.);</td>
<td>- ASME and BARDA monitor contractual performance of individual SMEs and report to Commission Services;</td>
<td>- Economic difficulties and/or different challenges in the performance of individual SME may limit their steady and consistent commitment;</td>
</tr>
<tr>
<td>- Allocation of time and commitment of policy makers and other trainees</td>
<td>- Sizeable commitment in terms of time, full and serious participation in different activities as foreseen in the project;</td>
<td>- ASME and BARDA assess performance of project counterparts at least once per month and report to Commission Services;</td>
<td>- Political instability and ongoing changes in public administration may jeopardize the commitment of policy makers;</td>
</tr>
<tr>
<td>- ASME and BARDA technical facilities and office equipment</td>
<td>- Confirmation of Consultant concerning satisfying technical working conditions at ASME and BARDA office in Sofia;</td>
<td>- Consultant reports on working conditions through monthly reports to Commission Services;</td>
<td>- No specific assumption or risk is identified;</td>
</tr>
<tr>
<td>- Policy guidance through Steering Committee</td>
<td>- Regular meetings and relevance of working agenda of the Steering Committee;</td>
<td>- Monthly reports prepared together by Consultant and beneficiaries (i.e. ASME and BARDA);</td>
<td>- Members of Steering Committee are committed to their new function and reserve enough time;</td>
</tr>
<tr>
<td>- Training material and seminar folder</td>
<td>- Number and quality of political and legal recommendations presented by the Steering Committee to the Council of Ministers;</td>
<td>- Consultant and beneficiaries will report monthly to the Commission Services;</td>
<td>- Council of Ministers and Senior Officers in the public administration are open to discuss with and learn from the Steering Committee in the field of enterprise policy;</td>
</tr>
<tr>
<td></td>
<td>- Physical availability and didactical quality of training material and seminar folders.</td>
<td>- Independent expert will assess quality of training material and seminar folders before the end of the project.</td>
<td>- Training material and seminar folders are based on learning needs assessments and up-to-date didactical standards comparable to the training/learning material (two folders) on the DIS.</td>
</tr>
</tbody>
</table>
Annex 2a

Capacity building for the accelerated growth of the SME sector in Bulgaria

CUMULATIVE CONTRACTING and DISBURSEMENT SCHEDULE (in MEURO)

<table>
<thead>
<tr>
<th>Date</th>
<th>30/09/99</th>
<th>31/12/99</th>
<th>31/03/00</th>
<th>30/06/00</th>
<th>30/09/00</th>
<th>31/12/00</th>
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# Annex 2b

## Detailed implementation chart

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<td>1.1 Business plans</td>
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<td>PPPC</td>
<td>PPPC</td>
<td>T</td>
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<tr>
<td>1.2 Training</td>
<td>PPPC</td>
<td>PPPC</td>
<td>PPPC</td>
<td>T</td>
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<tr>
<td>1.3 Participation in international fairs</td>
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<td>PPPC</td>
<td>PPPC</td>
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<td>1.4 Public Relations</td>
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<td>PPPC</td>
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<td>PPPC</td>
<td>PPPC</td>
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<td>PPPC</td>
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<tr>
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</tbody>
</table>

**Legend**
- P = Preparation
- C = Contracting
- I = Implementation
- T = Termination
Annex 3 to Project Fiche

Budget of sub-projects

Budget (MEURO):

<table>
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<tr>
<th>Line Item</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total PHARE</th>
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</table>
Annex 4

Relation of project with previous Phare activities and with ongoing projects financed from other sources including government budget

Since October 1998, ASME has been a full beneficiary of the project “Support to SME Development” (BG 9704.0202, MEURO 0,48) under the EU Phare GTAF programme. This project is due to end in November 1999. The main components of this project are:

- Direct assistance to ASME and BARDA (equipment, training, business planning);
- Assistance in formulating policy and legal advice to the Government;
- Development of more feasible concepts targeted to increase access to capital for SME.
- Advice concerning the preparation and implementation of donor funded programmes for SME in Bulgaria.

The new project builds on the achievements of the existing project, as explained in the Background section of the fiche.

USAID has supported single activities such as conferences and a discussion on national SME strategy.
Annex 5

Reference to relevant Government Strategic plans and studies e.g. Institution Development Plan, Business plans, Sector studies etc. (optional)


The project is in compliance with the Government SME strategy paper and ASME work programme, namely concerning the following priorities which are described in the mentioned documents:

- Simplification of SME administrative and regulatory system;
- Development of financial services for SME support;
- Improvement of SME competitiveness and competitive environment;
- Europeanization and global market integration of SMEs.
Annex 6

List of Bulgarian Associations of Regional Development Agencies and Business Centres (BARDAs)
BARDA member agencies and business centres and their representatives in the General Assembly

**Contact sheet**

1. **Blagoevgrad**
   - Regional Agency for Economic Development,
   - 9 "Georgi Izmirliev" Square, NTC building, second floor
   - 2700 Blagoevgrad, phone + 73 36683, fax + 73 36684
   - e-mail raed@pop3.sud.bg
   - Екатерина Игнатова, Executive Director

2. **Bourgas**
   - Association for Development of Bourgas Region
   - 1 "Конт Андронов" St., 8000 Bourgas
   - phone +359 56 45198, fax +359 56 842 467
   - e-mail BRDA@mbox.digsys.bg
   - Николай Чакаров, Director

3. **Varna**
   - Agency for Economic Development Varna
   - 2 Shipka St., 9000 Varna
   - phone/fax +359 52 606 274, +359 52 606 275
   - e-mail vardevel@yahoo.com
   - Тодорка Димитрова, Executive Director

4. **Vidin**
   - Regional Development Agency
   - Саединение District, Block 16, 3700 Vidin
   - phone +359 94 24244, fax +359 94 26034
   - e-mail arbc@mbox.digsys.bg
   - Елена Панова, Executive Director

5. **Dobrich**
   - Agency for Regional Economic Development and Investment
   - 3 "Бугария" St., P.O.Box 283, 9300 Dobrich
   - phone/fax +359 56 28305, phone +359 56 28304
   - e-mail aredi@eos.dobrich.acad.bg
   - Даниела Милкова, Deputy Director

6. **Dupnitsa**
   - Regional Development Agency
   - 2 Самоковско Shousse St., floor 5, office 501, 2600 Dupnitsa
   - phone +359 701 24451, ext 269, fax +359 701 25222
   - Путар Мутаfov, Executive Director

7. **Kustendil**
   - Agency for Regional Development
   - 4, Kraksa St., fl.2, office 2, 2500 Kustendil
   - phone/fax +359 78 20489
   - Камен Димитров, Director

8. **Pazardzhik**
   - Regional Center for Economic Development
   - 17 "Пловдивска" St., 4400 Pazardzhik
   - phone +359 233 512, fax +359 233 564
   - e-mail rzvuz2@pcn.com
   - Тзветенка Радина, member of the Board
   - contact person: Стойан Ятов
9. Plevn
Regional Centre for SME Support
16 "Al. Stambolitski", 5800 Plevn
phone +35 801 249,
Petko Krustev, Chairman of the Board
contact person: Ichko Ichev

10. Plovdiv
Regional Development Agency
13 "Patriarch Evtim" St., 4000 Plovdiv
phone. +32 620 827, fax +32 272 009
e-mail rda@plovdiv.topor.net
Vasil Djurov, Chairman of the Board,
contact person: Vesselin Trendafilov, Executive Director

11. Razlog
Agency for Regional Development "Mesta"
2 "Hristo Botev" St., 2760 Razlog
phone +747 6462, fax +747 6100
e-mail brcmesta@rfl.bia-bg.com
Luban Tatarkski, Managing Director

12. Rousse
SME Support Center
16 Z "Nezavisimost" St., P.O.Box 203, 7000 Rousse
phone +62 235 669, fax +62 224 681, telex +67 62565
e-mail bsc@rousse.bg400.bg
Katya Goranova, Director

13. Sandanski
Business Information and Consulting Center
1 "Bulgaria" Square, 2800 Sandanski
phone +746 22549, +746 23095, fax +746 22403
e-mail bicc@omega.bg
Alexander Kulo, Chairman of the Board
contact person: Ivo Ivanov

14. Sliven
Agency for Regional Economic Development
4 "Kiril and Metodii" St., 8800 Sliven
phone/fax +44 35315, +44 71477
e-mail min@inbox.digsbs.bg
Zahari Kalaidchiev, Executive Director

15. Smolian
Regional Development Agency
10 "Bulgaria" Square, P.O.Box 31, 4700 Smolian
phone +301 26758, 24751, fax +301 26861
e-mail srdc@inbox.digsbs.bg
Ivo Tzarev, Director

16. Stara Zagora
Regional Economic Development Agency
127 "Teh. Cotoner" St., 5000 Stara Zagora
phone +42 35007, fax +42 38075
e-mail office@sznea.bg
Petly Atzinova, Executive Director

17. Targoviste
Agency for Regional Development
2 "Rakovski" St., 2nd floor, 7703 Targoviste
phone +601 44607, fax +601 26244
e-mail zdg@targovistes.bg
Dr Dimitar Petkov, Chairman of the Board
contact person: Nikolay Yanchev

18. Haskovo
Regional Agency for Socio-economic Development
P.O.Box 127, 7 Svoboda Sq., FL.3, office 18, 6300 Haskovo
phone +38 61885, phone/fax +38 27949
e-mail RASED@haskovo.ernet.bg
Nikolina Serafimova, Executive Director

19. Shumen
Agency for Sustainable Regional Development and Investments
17 "Slavianski" Blvd., phone +54 55486, 31004
Plamen Petkov, Chairman
contact person: Bojidara Dianova
Annex 7

Bulgarian Agency for Small and Medium-sized Enterprises (ASME)

Organisation Chart

Agency for Small and Medium-sized Enterprises
Organisation chart as at 25 November 1998

BOARD OF DIRECTORS

Executive Director
Irma Petrounova (D,E)

Chief Expert
Alexander Babkov (G, E, I)

Secretary
Anna Lazarova (E)

Senior Accountant
Steljana Djurova

Senior Legal Advisor
Viora Andrejeva (E)

Accountant
Georgi D. Georgiev (E)

Driver
Javor Tachev

Financial Instruments Department
Boris Mladenov (G)
Head of Department
Georgi T. Georgiev (G)
Chief Expert

International Department
Nadia Nikolova (E, H)
Head of Department
Simon Todorov (E)
Chief Expert
Silvina Kamenova (G)
Expert

Information and Consulting Department
Boiko Denechev (E, R)
Head of Department
Rossen Cholakov (E)
Chief Expert
Irina Kambourova (G)
Expert

Annual Reports Section
Zlati Ganev
Head of Department
Ivo Skomskov (E)
Chief Expert
Maria Trzevkov (F)
Expert