STANDARD PROJECT FICHE

1. Basic Information

1.1. CRIS Number: BG2003/004-937.10.02
1.2. Title: Preparing MRDPW’s central and regional structures for managing future ERDF-type programs and projects
1.3. Sector: Administrative Reform and Capacity
1.4. Location: Bulgaria

2. Objectives

2.1. Overall objective:
- Strengthening institutional structures at central level in order to achieve, upon accession, sound and efficient management of EU Structural and Cohesion Funds;
- Preparing the Bulgarian regional authorities for effective implementation of regional development programs, thus ensuring more transparent involvement of the regions in programming, implementation, monitoring and evaluation of EC assistance in line with the partnership principle;
- Development of sound and effective co-ordination between the central and regional institutions in order facilitate the absorption of the future funding under EU Structural and Cohesion Funds.

2.2. Project purpose:
Reinforcement of the administrative capacity of MRDPW at central and regional level for programming, implementing, monitoring and evaluating economic & social cohesion strategies and projects.

2.3. Accession Partnership and NPAA priority
The project will catalyse the AP and NPAA priorities for strengthening the administrative capacity in key ministries to design strategies and to implement and evaluate projects for regional development and economic and social cohesion, financed by EC and national funds.

As an input to the Action Plan for strengthening of the administrative and judicial capacity, the Bulgarian Government has already decided during the Spanish and the Danish Presidency the division of responsibilities with regard to the programming and the managing structure that will be using for the Structural Funds through:

- Council of Ministers’ Decision No 312, 28 May 2002 for the adoption of Strategy for the Participation of Bulgaria in the European Union’s Structural and Cohesion Funds;
- Council of Ministers’ Decision 607 of 5 September 2002 for the adoption of Concept for transition of Phare and ISPA to the Extended Decentralised Implementation System (EDIS)

Following the Government decisions, MRDPW bears the responsibility of a Managing Authority for Operational Programme “Regional Development” and acts, upon accession, as an Implementing Agency for Phare – ESC & CBC and for ISPA.
2.4. Contribution to National Development Plan
The Project will enhance the institutional capacity to further develop and manage the Regional Operational Program as part of the National Development Plan, on both national and regional level through strengthening the managing and implementing authorities as a result of the project.

As outlined in the NEDP for the 2000 to 2006 period, Bulgaria needs to set up and develop the administrative structures to implement the programmes of the plan, to monitor its progress, and to periodically reassess it and update it.

The recently adopted “Strategy for Bulgaria’s participation in the EC Structural Funds” envisages as its objective “to establish effective structures for coordinated programming, management, monitoring, financial management and control of the European Union assistance on the central level; to increase and strengthen the capacity of the existing institutions and to identify the bodies and units, which will be involved in the management of the Structural Funds and the Cohesion Fund; to identify the social and economic partners and develop co-ordinating mechanisms; to enhance the partnership with the regional, local and socio-economic partners”.

As stated in the Strategy, the administrative capacity of the currently active Implementing Agency on Phare ESC projects (Ministry of Regional Development and Public Works) should be strengthen and transformed as to operate as a Managing Authority of OP "Regional Development".

The territorial structures of the MRDPW and the public-private consultative bodies at regional level (named for the time being Commissions for Economic and Social Cohesion) need further strengthening and experience in order to be able to undertake overall management responsibilities. Currently, they are dealing with planning and programming, coordination on regional level, pre-selection of projects, monitoring of programs, dissemination of information, publicity of programmes and implementation of partnership principle.

3. Description

3.1. Background and justification:
Republic of Bulgaria, as one of the candidate countries, has been continuously preparing for the future management of programmes under the EU Structural Funds through a number of Phare funded projects that have been implemented during the past years.

EC regulations require that Member States have administrative systems in place capable of efficient and effective programme implementation. These systems have to deliver quality projects to meet quantified targets specified in programming documents (CSF, operational programmes), be sensitive to the requirements of EU horizontal policies, guarantee sound financial management and transparency to meet the monitoring, control and evaluation obligations for projects and programmes.

Under the decentralised management arrangements the roles of different actors in the systems must be clearly defined with a view to smooth coordination of the activities financed from the Structural and the Cohesion Funds and those implemented within the framework of national and regional policies. These actors, with special emphasis put on Managing Authorities, must have sufficient administrative capacity for proper execution of their tasks as defined in the article 34 of the Regulation 1260/99.

According to the roadmap for Bulgaria’s accession to EU, the country still needs substantial strengthening of the administrative structures to ensure that has capacity
for fully effective use of EC funds. Bulgaria should focus further efforts on strengthening the capacity for future implementation of SF assistance in key ministries, including appropriate control, monitoring and evaluation mechanisms. Some of the key steps given by the roadmap include:

- Establish and adopt as a matter of priority the legal framework for future participation in the Structural and the Cohesion Funds, including provisions for management, monitoring, evaluation, financial and budgetary management and control in relation to the practical implementation.

- Create necessary institutional structures for the implementation of the Structural and the Cohesion Funds. The administrative structures and procedures, the distribution of responsibilities between the different bodies involved at national and regional level and in particular inter-ministerial co-ordination will require particular attention.

- Bring administrative capacity of the units within the ministries designated or to be designated as future managing or paying authorities up to the level required for efficient and correct implementation of Structural Funds assistance.

- Develop capacity to discuss and clarify development priorities at national and regional level and to identify proper projects. Inter-ministerial cooperation and partnership needs to be made more effective and comprehensive, both at national and regional level. Genuine partnership structures at regional level, including the regional and local authorities and other competent public authorities, the economic and social partners and any other relevant bodies must be established, and a strong input of the regions into the programming process taking place at national level needs to be ensured.

- Improve capacity at the level of the technical preparation of projects to be co-financed by the Structural and the Cohesion Funds

- Ensure compliance with _acquis_ requirements for monitoring and evaluation, in particular as regards the ex-ante evaluation and the collection and processing of the relevant statistical information and indicators. The timely availability and functioning of an effective monitoring and evaluation system will be of crucial importance for the effective and efficient implementation of the EU programmes.

Following the decisions of the Bulgarian Government on division of responsibilities for programming and implementation of Structural Funds programmes, the project will focus on strengthening the administrative capacity of the Ministry of Regional Development and Public Works in its future role as Managing Authority for Operational Programme “Regional Development” (ROP). In order to assume this responsibility the MRDPW has to strengthen its administrative capacity for:

- Development, coordination, decision-making and financing of multi-annual operational programmes for regional development as a key element for the effective absorption of the Structural Funds (ERDF) resources;

- Preparation and coordination of the terms and procedures for selection of projects in the framework of the ROP;

- Implementation of the ROP and the approved terms and procedures for project selection;

- Preparation and update of the Programme Complement;

- Organisation and exercising the evaluation, monitoring and control of the projects within the framework of the ROP;

- Provision of all documentation and of the secretariat for the Monitoring Committee and, if necessary, propose reallocation of funds;

- Establishment the eligibility of the expenses made by the beneficiaries, and make payments for the beneficiaries;

- Preparation of the annual reports and organization the interim evaluation of the ROP.
It is expected that the experience gained and the expertise created under Phare programme will be fully utilised in the institution building process. Equally close liaison with the implementation of the Phare Economic and Social Cohesion projects needs to be maintained so as to exploit synergies and the institution building aspects of the Phare project implementation.

With a view to building development partnerships, a number of state/public-private consultative bodies across sectors and regions have been established. Amongst these, the Commissions for Economic and Social Cohesion (CESC) are playing a key role. It is necessary to strengthen their capacity for programming of structural funds type of measures, as well as the capacity of any new structures originated from the Regional Development Act and/ or the relevant secondary legislation.

3.2. Linked activities
Relationship of proposed project with current or proposed Phare projects in this sector, and progress with implementing previous Phare projects:

Current Phare Assistance:
BG 0102.07 Preparing for future ESF-type programmes
The project aims at preparing the Ministry of Labour and Social Policy (MLSP) to function as an Implementing Agency (IA) from 2003 for European Social Fund (ESF) programmes. It is designed as to increase the effectiveness in organising, implementing and controlling the project cycle management (PCM) in the MLSP, National Employment Service (NES) and the Ministry of Education and Science (MES) by providing to the MLSP, NES and MES the organizational capacity and skills necessary to manage the PCM.

BG0103.09 Improving the management of EU Funds
The project is designed to improve the management of EU funds and co-financing resources in Bulgaria in preparation for extended decentralization of Phare and ISPA implementation by strengthening the capacity of the National Fund and the Implementing Agencies to manage EU funds and co-financing resources in preparation for extended decentralization.

BG 0103.01 Strategic policy-making and co-ordination
The general objective of this project is to strengthen the capacity and ability of the public administration to use modern methods for policy making, coordination, impact assessment and evaluation of implementation. It is expected that sub-national levels of government will also benefit this project when relevant.

Coordination with Phare 2003 institution building projects (Ministry of Finance, Ministry of Economy) is crucial for achieving the overall aim not only of this project, but for the whole pre-accession programme as well.

Various Grant Schemes (on-going and under programming) within the Ministry of Economy (cultural tourism, QMS, eco-tourism), Ministry of Regional Development and Public Works (municipal roads for access to tourist sites, water-supply for sites of tourist interests, integrated investment scheme for regional development actions), Ministry of Labour and Social Policy (labour market initiatives and social inclusion schemes).
Previous Phare assistance:
Phare assistance in the field of Institutional Building for regional development dated from the early 90s, when certain funds have been allocated to support the establishment of Regional Development Agencies (RDA) in Bourgas and in Smolian (FM9105). However, the RDAs were insufficiently versed in regional development techniques, and so the emphasis in the programme switched to SME development through building up Business Support Centres (BSC) within their own activity framework in order to develop sources of fee income. In the case of Rousse (FM9204), the lack of such Phare resources reduced the role of the municipality to the status of a non-participant in local economic development and turned over its local development activities to the Phare supported BSC.

Regional development policy support in Bulgaria, GTAF-BG9704
The objective of this project was to support development and consolidation of modern approach to regional development policy, with special emphasis on preparing Bulgaria to manage integrated regional and local development programmes. However, the project (started in October 1998) took over the initial implementation of the Phare Special Preparatory Programme (SPP), in particular – the assistance for establishment of inter-ministerial Central Coordination Unit (CCU) and production of a preliminary National Economic Development Plan (NEDP).

Additionally (late 1999), the project concentrated on two planning regions (North-West and South-Central) and produced draft regional development plans for each of them.

Twinning Covenant BG98/IB/SPP/01 (Spain) provided further assistance and training to reinforce the institutional capacities on central, regional and local levels for planning and programming.

Technical Assistance Contract SPP/BG 9810-01-01-0005 has established the institutional framework and the administrative capacity for EU regional and structural policies and financial instruments, strategic planning, project development and financial management. The project provided technical assistance and training on the EU Pre-Accession Instruments and Structural Funds, including advice on the preparation of Regional Development Plans and Operational Programs, preparation of the National Economic Development Plan, implementation processes and procedures.

3.3. Results

? Reinforced administrative capacity of MRDPW and the inter-ministerial coordination, as well as coordination with other structures, both national and regional, involved in preparation, implementation and evaluation of economic & social cohesion strategies and projects, and promotion partnership principle through consultations about development priorities;

? Strengthened administrative capacity of the MRDPW’s regional offices in terms of improving their skills for:
  - developing mid-term strategies for economic and social development;
  - promoting activities related to inter-regional and cross-border cooperation;
  - supporting activities as secretariat of the state/public-private consultative bodies within the 6 planning regions;
  - drafting annual reports on the implementation of the OP “Regional Development”;

? Integrated Regional Operational Programme in place, based on the methodology of EU regional policy and Structural Funds programming;

? Effective project pipeline in place as a basis for the Programme Complement;
Management information system for statistical data collection and processing for the purpose of programming, monitoring and evaluation of planning documents, programmes and projects created;

Acquired practical skills by MRDPW and regional stakeholders in Structural Funds (ERDF) preparations.

The expected results of this project shall be strengthened by realisation of running Phare ESC projects (especially the “Integrated investment scheme for regional development actions” proposed under Phare 2003 for pilot testing in one planning region of Bulgaria) focusing on enhancement of regional administration capacities in relation to participation in EU structural funds.

3.4. Activities

The activities under this project are specifically designed to address the need of ensuring continuity in capacity building alongside the country’s own efforts and experiences gained so far and boost the absorption capacity in general, and for EU funds in particular, through reinforcement of the administrative structures responsible for economic & social cohesion programming and implementation.

The following measures have been identified to support the administrative capacity of MRDPW as an important element of enhancing regional absorption capacity and performance of Structural Funds (ERDF) management:

- Strengthening MRDPW in management activities
- Strengthening MRDPW and regional stakeholders in programming
- Building up capacity and tools for implementation
- Setting up framework for monitoring and evaluation
- Training at central and regional level

**Measure 1. Strengthening MRDPW capacity as Managing Authority of a Structural Funds OP**

Assistance is required in setting up operational framework, which will allow MRDPW, in its capacity of Managing Authority of Operational Programme “Regional Development” (ROP), to deliver the tasks defined in Council Regulation 1260/99.

This include elaboration and adoption by the relevant authorities of operational procedures and manuals for:

- delegation of tasks to Intermediate Bodies (IB)
- internal co-ordination of activities between Managing Authority, Monitoring Committee, IBs
- quality assurance in administrative and financial operations, incl. supervision of the tendering and contracting process
- proper publicity information to potential final beneficiaries and the general public
- drawing up annual reports
- assuring compliance with Community policies/legislation
- Monitoring and evaluation requirements (see also measure 4)
Measure 2. Strengthening MRDPW and regional stakeholders to carry out programming under the Structural Funds

In the framework of EU Special Preparatory Programme (SPP) the Ministry had already elaborated a first draft of a Regional Operational Programme, which needs further revision in regard to the priorities that the National Development Plan will set out in the field of regional development. Assistance is required in developing the process, rules and techniques for preparation of integrated Objective 1 operational programme, based on the methodology of EU regional policy and Structural Funds programming. More concrete this means:

- support on drawing up comprehensive ex-ante evaluation of socio-economic situation in the regions as basis for preparation of regional operational programme;
- identification of the programme priorities, assessment of their quantified targets and expected impact;
- identifying measures under each priority area taking account of the ERDF fields of interventions. Additionally, description of the measures, their aim and objectives as well as identification of potential beneficiaries will be prepared at this stage, that will accelerate the process of drafting the Programme Complement;
- prioritisation of measures in terms of coherence between the different development priorities;
- ensuring optimum flow of information and contacts between the already established structures and all potential project promoters;
- establishment of efficient and inclusive process of partnership and consultation for programming

With regard to preparing the Programme Complement and by that strengthening the capacity of the regions to actively participate in the overall programming cycle, special attention will be focused on MRDPW’s regional offices in terms of improving their skills for developing medium-term strategies and operational programmes and for supporting the activities of the Ministry at regional level.

Measure 3. Building up capacity and tools for implementation of Operational programmes under the Structural Funds

Under this measure respective Intermediate Bodies will be assigned, both at central and regional level. This will be done in parallel with the preparation of the regional operational programme.

At Intermediate Body level, assistance is required in facilitating project development, and project selection process, as well as implementation. As regard the selection this includes: identification of the actors to be involved, elaborating of selection criteria, decision-making procedures etc. In addition, the project development capacity and the number and quality of projects will be stimulated through determination of partners in the regions, introducing methods for transformation of ideas into projects, identifying concrete projects under each measure and preparing pipe-line of key projects. Assistance provided under this measures will take account of experiences made and training provided separately for the Extending Decentralised Implementation System (EDIS).

Measure 4. Setting up Monitoring and Evaluation (M&E) framework for measures and operations financed by the Structural Funds

Assistance will be required in reviewing the effectiveness of existing M&E systems and the development of systems, standards and procedures capable of handling Structural Funds programmes and meeting the provisions of Council Regulation 1260/1999, Commission Regulation 438/2001 and of the EC Working Paper 3 ‘Indicators for monitoring and evaluation: an indicative methodology’.
This activity will require assistance in the development of guidelines and procedures for M&E, including:

- creation of an information system for statistical data collection, processing and using for programming and evaluation of planning documents, programmes and projects (database, system of indicators);
- development of guidelines, manuals and procedures for all central and regional staff involved in M&E systems;
- elaboration and implementation of a system for internal audit and independent evaluation expertise.

A strong link and co-ordination has to be established between this task and the set-up of a Monitoring / Management Information System under the Phare 2003 project ‘Setting up a coherent system for the Structural Funds and the Cohesion Fund in Bulgaria for the Managing Authority of the Community Support Framework (CSF)’ and the single Paying Authority for the Structural Funds (SF) and the Cohesion Fund (CF).

Measure 5. Financial Management and Control
Assistance with regard to Financial Management and control functions of the MRDPW at OP level.

**Measure 6. Training at central and regional level**
Practical support through training to existing and new administrative structures will be necessary due to a number of key factors: the recent recruitment/turnover of public servants; the need to remedy the skills deficit evident in public administration in order to raise the overall management capacity for programmes; and the need to support the development of appropriate skills among the regional actors for identification, analysis and formulation of projects, including the smooth functioning of relations with final beneficiaries.

The activities will build on the solid preparatory work needed to ensure that the best trainers, curricula, materials and approaches are designed and applied before the training can begin. Crucially, it will build upon a previous Phare and other relevant training projects, and further develop the training practice that was established therein. Specifically, this measure includes:

- reviewing and transforming the materials developed under all Phare and relevant projects into a single training methodology;
- training needs assessment (TNA), especially reviewing MRDPW experts with focus on the training delivered previously, all of whom will be appraised and selected to form a core pool of trainers to ultimately deliver modules;
- provision of fast-tracking training for this pool to ensure levels and skills.

Target groups under this measure include:

- MRDPW central staff dealing with programming, implementation, monitoring and evaluation, financial management and control
- MRDPW territorial structures staff
- relevant regional stakeholders

Training proposed through this measure will cover all aspects of programming and implementation of Structural Funds as necessary for the MRDPW and other relevant bodies. Training will cover all aspects included in Measures 1-5 above.
3.5. Lessons Learned
The so far completed institution building and investment projects have made a positive but only partial contribution to the process of meeting the wider and immediate objectives of the programmes.

The outputs of the technical assistance and twinning measures have had a positive impact on both planning capacity of the Bulgarian administration, and their awareness of the Structural Funds and the principles of their operation, nationally and regionally. Project outputs have made essential contribution to assisting Bulgaria to prepare integrated NEDP.

However, given the structural weakness in the public administration, inadequate number of qualified personnel, and high variation of staff, the short-term achievements cannot be considered sustainable, and may not result in the organisational changes required to implement multi-annual programming and implementation on the basis of a Structural Fund approach.

This project will help overcoming the existing and potential gaps in management and control within the MRDPW and its regional structures with a view to efficient preparation for the implementation of integrated development programmes and Community initiatives. This will involve improvement of administrative procedures and introduction of a financial and budgetary system, which would allow for multi-annual commitments and organising management, monitoring and evaluation according to Structural Funds standards.

4. Institutional Framework

A package for Institution building for the future implementation of EU Structural Funds (SF) and the Cohesion Fund in Bulgaria consists of three project fiches:

1. Setting up a coherent system for the Structural Funds and the Cohesion Fund in Bulgaria for the Managing Authority of the Community Support Framework (CSF) and the single Paying Authority for the Structural Funds (SF) and the Cohesion Fund (CF)
2. Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds
3. Preparing MRDPW’s central and regional structures for managing future ERDF – type programmes and projects

The three fiches have to be considered in conjunction with each other. The candidates may apply for one, two or all of referred projects. Bid received by consortium of up to 3 Member States will have an advantage in the selection process.

Twinning covenant – one single Covenant will be prepared but the three IB Fiches shall represent three separate components.

The Twinning Covenant will include:
- One PAA to assist the future CSF Managing Authority (the assignment will last 12 months);
- One PAA to assist the future Paying Authority (the assignment will last 18 months);
- One PAA to assist the future Managing Authority of OP “Development of the Competitiveness of the Bulgarian Economy”
- One PAA to assist the Managing Authority of the Regional Development Programme (the assignment will last 21 months)
The Beneficiary of the project will be the Ministry of Regional Development and Public Works. It will be responsible for management and co-ordination of the project.

The **Ministry of Regional Development and Public Works** has the leading role in defining and implementing regional development policy. The Ministry carries out the state policy and develops the objectives and priorities of the state strategy for regional development; organises the elaboration, implementation and control of the regional development strategies, plans and programmes; submits the annual reports for their implementation to the Council of Ministers; and provides methodological support to municipalities and other institutions for their elaboration and implementation. The Ministry is also responsible for organisation and co-ordination of the activities related to European integration in the field of regional development and co-ordination of EU structural instruments, for approving programmes and projects selected by the regions subject to coordination with the interested institutions and social partners, and is acting as an implementing agency for the Phare economic & social cohesion and cross-border investment projects.

At **regional level** and following the regulatory framework (CM Decree 145/27.07.2000) the regional structures of MRDPW were set up. The district administrative units (in co-ordination with the planning regions' Commissions for ESC) are playing a key role in the programming and project implementation under the ESC component of the pre-accession instruments. Building further capacity for implementation, monitoring and evaluation at the planning region level is a priority.

These structures are to be developed to facilitate the effective implementation of the project and should help foster continuous improvements of administrative capabilities and any related appropriate changes to the institutional framework for Structural Funds implementation in Bulgaria. The involvement of regional representatives and the social partners will create a partnership-type implementation structure similar to those involved in the implementation of EU supported projects in the Member States, and introduces the partnership principle in the area of institution building.

**Steering Committee**

There will be a single Steering Committee to supervise the implementation of the MoE project “Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds” and the proposed projects under Phare 2003 Programme - for strengthening the capacity of the Ministry of Finance - as future Single Paying Authority for the Structural and Cohesion Funds and CSF Managing Authority as well as the Ministry of Regional Development and Public Works - as future Managing Authority for the Regional Operational Programme.

This Steering Committee will be established in the third quarter of 2003 and will be chaired by the NAC. The SC shall have regular sessions on a monthly basis. The SC may have extraordinary sessions upon requests from two of its voting members. It will coordinate the selection activities of the Twinning partner and will closely supervise and direct the drafting of the Twinning Covenant(s). The Committee will as well co-ordinate all projects in order to ensure effective inter-ministerial co-ordination within the National Phare Programme 2003. The Steering Committee will supervise the implementation of the projects, review and approve project’s outputs, and their conformity with the Strategy on the Preparation for EU Structural Funds and will coordinate the preparation of the three above mentioned Ministries with other Ministries, which will act as future Managing Authorities. Close links have to be established among the MAs, CSF and the PA in particular. The Steering Committee will ensure effective coordination both of Phare 2003 projects (avoiding overlaps) and ongoing Twinning project of Ministry of Labour and Social Policy under Phare 2002 programme.
The Steering Committee will consist of representatives from the Ministry of Finance - three, Ministry of Regional Development and Public Works - two, Ministry of Economy - two and Executive Agency for Economic Analysis and Forecasts – one as voting members. Representatives from the Ministry of Foreign Affairs, Ministry of Labour and Social Policy and EC Delegation/Commission Headquarters will be invited as observers. The representatives of other relevant ministries and stakeholders might be invited to the meeting of the SC.

5. Detailed Budget

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<thead>
<tr>
<th></th>
<th>Phare Support</th>
<th>National/Private Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
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<tr>
<td><strong>Twinning Covenant</strong></td>
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<td><strong>Total</strong></td>
<td>1.9 MEUR</td>
<td>1.9 MEUR</td>
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<td>1.9 MEUR</td>
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** National co-financing of the twinning component will be up to 10 % of the National budget according to the Twinning manual

6. Implementation Arrangements

Under Phare 2003 three IB projects are foreseen to provide assistance in building the administrative capacity for the implementation of structural funds:

- Setting up a coherent system for the Structural Funds and the Cohesion Fund in Bulgaria for the Managing Authority of the Community Support Framework (CSF) and the single Paying Authority for the Structural Funds (SF) and the Cohesion Fund (CF)
- Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds
- Preparing MRDPW’s central and regional structures for managing future ERDF – type programmes and projects

Close links have to be established between all three projects. The activities of the twinning teams will be co-ordinated by the PAA for the Managing Authority of CSF under the supervision of the Steering Committee for the projects. This PAA will be placed within the Ministry of Finance.

The three projects have to be considered in conjunction with each other. With regard to the twinning components, applicants are strongly encouraged to apply for all three projects together. In the selection process, preference will be given to consortia of Member States applying jointly for the twinning components of all three projects.

Accordingly, it is possible for one single Twinning Covenant to be prepared with the three above-mentioned IB projects representing three separate sub-components.

Three working groups, one for each project, will be established at the level of the three relevant ministries. They will be in charge of drafting the relevant parts of the future Twinning Covenant, closely following the daily project management, co-operating with foreign experts and reporting to the Steering Committee on a regular basis.

A project Steering Committee will be established before project implementation commences to supervise tendering and contracting and to monitor project implementation as specified under point 4 above.
6.1. Implementing Agency
The Implementing Agency of the Project is the Central Finance and Contracting Unit (CFCU). The CFCU will be the Contracting Authority and in that capacity will launch and evaluate tender, conclude contracts and authorize the treasury to make contractually related payments.

The Deputy Minister of Finance
102, Rakovsky Street,
1040 Sofia
Telephone: (+ 359 2) 9859 2772; 9859 2777
Fax: (+ 359 2) 9859 2773

The technical implementation of the project will be dealt with the Ministry of Regional Development and Public Works, whose main functions will be the day-to-day coordination and implementation of the project activities.

Ministry of Regional Development and Public Works
17-19, Cyril and Methodius Str.
1202 Sofia
Tel. 00359 2 9865387 or 9405488
Fax 00359 2 9865387

6.2. Twining
The project activities will be implemented through twinning. Its duration will be 21 months. The Beneficiary will be designated as Managing Authority of the Operational Programme "Regional Development"

The contact point for EU Member States interested in making twinning proposals is:

Ministry of Regional Development and Public Works
17-19, Cyril and Methodius Str.
1202 Sofia
Tel. 00359 2 9865387 or 9405488
Fax 00359 2 9865387

The Twinning project will therefore include:

- Pre-Accession Advisor (PAA – the assignment will last 21 months), from a Member State to work on a day-to-day basis with the beneficiary in the candidate country and accompany the implementation of the twinning project.
- Project Leader from the Member States, at senior level who will serve as the main point of contact on the Deputy Minister level. The Project Leader will coordinate the overall management of the project.
- The short and medium-term Team should consist of sufficient number of qualified experts, with respect of the purpose to achieve and activities to be undertaken under the project.

Member States bidding for the project are encouraged to include in their proposed Teams experts from more than one EU member state, with a view to obtain access to the best EU practices, working with the Structural and Cohesion funds.
6.3. **Non-standard aspects**
There are no non-standard contracts or tender procedures envisaged within this project. The Phare practical guide will be followed.

6.4. **Contracts**
6.4.1. One twinning covenant at the sum of 1,9 MEUR (Phare Funding)

7. **Implementation Schedule**

7.1. Start of tendering/call for proposals
   - Call for proposals – July 2003
   - October 2003 – selection of Twining Partners

7.2. Start of project activity
   - June 2004 – Twining

7.3. Project Completion
   - The project activities should be accomplished in the second quarter of 2006

8. **Equal Opportunity**
The project will be implemented according to the regulations of Bulgarian law providing equal opportunities for men and women.

9. **Environment**
The project has no environmental impact

10. **Rates of return**
N/A

11. **Investment criteria**
N/A

12. **Conditionality and sequencing**
This project is designed to address the immediate needs in a very targeted manner for reinforcing the institutional capacity of MRDPW at central and regional level. It is crucial that the necessary capacity building takes place to ensure that the respective state administration is well positioned to assume their planned roles in full.

The project will start after the signing of the Financial Memorandum between Bulgaria and the European Union, which is foreseen by the end of 2003.
## ANNEX 1

### LOGFRAME PLANNING MATRIX FOR

Project “Preparing MRDPW's central and regional structures for managing future ERDF-type programmes and projects”

<table>
<thead>
<tr>
<th>Programme name and number</th>
<th>Contracting period expires</th>
<th>Disbursement period expires</th>
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<tbody>
<tr>
<td></td>
<td>Nov 2005</td>
<td>Nov 2006</td>
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**Total budget:** 1.9 M €  
**Phare budget:** 1.9 €

### Overall objectives

- Strengthening institutional structures at central level in order to achieve, upon accession, sound and efficient management of EU Structural and Cohesion Funds;
- Preparing the Bulgarian regional authorities for effective implementation of regional development programmes, thus ensuring more transparent involvement of the regions in programming, implementation, monitoring and evaluation of EC assistance in line with the partnership principle;
- Development of sound and effective co-ordination between the central and regional institutions in order facilitate the absorption of the future funding under EU Structural and Cohesion Funds.

### Objectively verifiable indicators

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### Project purpose

- Reinforcement of the administrative capacity of MRDPW at central and regional level for programming, implementing, monitoring and evaluating economic & social cohesion strategies and projects

### Objectively verifiable indicators

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<tr>
<td>EC Interim Evaluation Reports</td>
</tr>
<tr>
<td>Project Reports</td>
</tr>
</tbody>
</table>

### Assumptions

- Continuous support on regional development as key focus of the Government socio-economic policy
- Legal framework for the future participation in SF is adopted and consolidated

### Results

- Operational procedures both at central and regional level are in place, practical coordination and well-defined roles established;
- Regional Operational Programme and Programme Complement finalised;
- Effective project pipeline is in place;
- Set up and functioning of appropriate monitoring and evaluation mechanisms, incl. system of monitoring and evaluation

### Objectively verifiable indicators

<table>
<thead>
<tr>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC decision on accreditation of Phare ESC IA</td>
</tr>
<tr>
<td>Project Reports</td>
</tr>
<tr>
<td>Monitoring and Assessment Reports</td>
</tr>
</tbody>
</table>

### Assumptions

- Successful implementation of the proposed Phare 2003 project “Integrated investment scheme for regional development actions”
- Commitment of the institutions involved to participate in the
indicators:
• Skills in SF preparations acquired by MRDPW, CESC's, other regional stakeholders and ensuring a strong input of the regions into the programming process taking place at national level.

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistance for setting up operational framework for management of OP “Regional Development through determining the current situation and elaboration of procedural manuals and operational guidelines;</td>
<td>Twining Covenant</td>
<td>• Quality Twining services and training provided</td>
</tr>
<tr>
<td>Assistance in developing the process, rules and techniques for preparation of integrated regional operational programme with focus on improving the capacity at regional level and the partnership process;</td>
<td></td>
<td>• Trained staff remains within the administration (central and regional level)</td>
</tr>
<tr>
<td>Assistance in facilitating the project development and project selection process through determination partners in the regions, introducing methods for transformation of ideas into projects, identification of projects under each measure and preparing pipe-line of key projects;</td>
<td></td>
<td>• Proper coordination with ongoing projects</td>
</tr>
<tr>
<td>Assistance in setting up M&amp;E framework for measures and operations under SF through development of guidelines, manuals and procedures for all central/regional staff involved and establishment of regional database</td>
<td></td>
<td>• The relevant stakeholders cooperate effectively</td>
</tr>
<tr>
<td>TNA, elaboration of single training methodology and training of central/regional staff and relevant regional stakeholders</td>
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<td></td>
</tr>
</tbody>
</table>
ANNEX 2 - Implementation Chart
Project “Preparing MRDPW’s central and regional structures for managing future ERDF-type programmes and projects”

<table>
<thead>
<tr>
<th>Calendar months</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Selection of Twining Partner</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Drafting Twining Covenant</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Twining Covenant implementation</td>
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<td>XX XX XX XX X XX X XX XX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of Twining</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Midterm Monitoring and Evaluation of the project</td>
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<tr>
<td>Final evaluation of the project</td>
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ANNEX 3 - Contracting and disbursement schedule by quarter
Project “Preparing MRDPW’s central and regional structures for managing future ERDF-type programmes and projects”

**Project title:**

<table>
<thead>
<tr>
<th>Contracting</th>
<th>Cumulative contracting schedule by quarter in € m (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>Twining Covenant</td>
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<td>Total</td>
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</table>

<table>
<thead>
<tr>
<th>Disbursement</th>
<th>Cumulative disbursement schedule by quarter in € m (provisional)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td></td>
<td>III</td>
<td>IV</td>
</tr>
<tr>
<td>Twining Covenant</td>
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<td>1.71</td>
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<tr>
<td>Total</td>
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