Standard Summary Project Fiche

1. Basic Information

1.1. CRIS Number: BG2003/004-937.10.03

1.2. Title: “Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds”

1.3. Sector: Administrative Reform and Capacity

Twinning Code: BG03/IB-FI-03

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 Funds.

2.2. Project purpose:
Preparing the Ministry of Economy to function as a Managing Authority for Operational Programme “Development of the Competitiveness of the Bulgarian Economy” and to increase its capacity for programming, management, evaluation and monitoring of projects and programmes under EU Structural Funds and structural funds type programmes.

2.3. Accession Partnership and NPAA priority

The project meets the following Accession Partnership and NPAA priorities:

- Reinforcing the management of EU funds and strengthening financial control through provision of adequate staff, training and equipment;
- Improvement of effectiveness of planning and management of public investments and inter-sectoral coordination;
- Improvement of coordination between authorities, increase of the national, regional and local administrative capacity;
- Developing the capacity for the application of effective and transparent systems for project development, programme co-ordination and management, and project monitoring and evaluation at national and regional levels.

This Institution Building project will catalyze these AP priorities and will answer the specific NPAA priorities for strengthening the institutional capacity of the Ministry of Economy and other line institutions with the aim at achieving complete conformity with EU requirements in setting up the administrative bodies to which the Bulgarian Government has entrusted responsibilities in regard to management, implementation, monitoring and evaluation, as well as payment and financial control for the future implementation of the Structural funds assistance.

According to the AP the future managing authorities will have to be prepared “to comply with basic financial management and control provisions as laid down by the respective regulations of the Structural Funds”.
2.4. Contribution to National Development Plan

The Project will enhance the capacity to further develop and manage the National Economic Development Plan, including Sectoral Operational Programmes, on both national and regional level.

The recently adopted “Strategy on Bulgaria’s participation in the EU Structural Funds and the Cohesion fund” envisages the following priority:

“To identify and strengthen the existing institutions and establishment of new structures to participate in the future programming, monitoring, evaluation and financial management and control of the Structural and Cohesion Funds aid”.

As stated in the Strategy, the currently active Project Implementation Directorate at the Ministry of Economy should undertake in short-terms (for Phare 2002) the functions of an Implementing Agency for PHARE-funded projects in the section “Economic cohesion” and start preparing transition into Managing Authority for Operational Programme “Development of the Competitiveness of the Bulgarian Economy”.

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. A major project, designed to assist the Bulgarian Government in establishing the institutional framework and the administrative capacity for programming and successful implementation of regional and structural policies, is SPP (Special Preparatory Programme for SF in Bulgaria), which started in 1998. As a result of this project, Bulgaria had passed through an institutional transition towards the implementation of the concept and style of work of the EU Structural Funds.

The Council of Ministers passed a decision adopting a Strategy on the Preparation for EU Structural Funds in May 2002. Following the adoption of the Strategy for Structural Funds, the envisaged institutional structure for Structural and Cohesion Funds assistance was clarified.

The Ministry of Finance will be the authority responsible for the co-ordination of programming of Structural Funds assistance. In addition, it will become the Managing Authority for the Community Support Framework and for the Cohesion Fund. A number of operational programmes (OP) are envisaged.

Ministry of Economy was nominated as Managing Authority for OP “Development of the Competitiveness of the Bulgarian Economy”.

The Ministry of Economy now faces number of important institutional, management and policy challenges. From one side, the Ministry needs strategic re-orientation to develop and implement policies to increase the competitiveness of the Bulgarian economy and fully integrate into the European Union. From the other side, the MoE should undertake much more responsibilities, regarding the future participation of Bulgaria in the EU Structural Funds. In order to be able to assume these responsibilities the Ministry recently restructured existing Project Implementation Directorate into Programmes and Projects Coordination and Management Directorate, responsible for the coordination of the Ministry of Economy’ activities under the “Strategy on Bulgaria’s participation in the EU Structural Funds and the Cohesion fund”.

Until now, the programming of EU pre-accession funds has been complicated and discoordinated. Many of the relevant procedures have not been elaborated in detail and there is inadequate exchange of information between the actors at programming, implementing and monitoring levels. As stated in the 2002 Regular Report of the European Commission on the Bulgaria’s progress
towards accession: “Bulgaria must now implement the government decision of May 2002. The mechanisms of coordination and management for the implementation of the strategy on structural funds will need to be refined. Much needs to be done to improve the administrative capacity of the managing and paying authorities. Inter-ministerial co-ordination remains limited. Further clarification is necessary as regards the definition of tasks and responsibilities to be performed by the bodies or authorities involved in the preparation and implementation of Structural and Cohesion Funds assistance”.

The project will provide assistance to the Ministry of Economy to implement a strategy for smooth bridging towards Structural funds management.

3.2. Linked activities
The project will further develop the results of the ongoing Twining project BG 0002.01 “Strengthening the capacity of the Ministry of Economy”, with emphasis on the management of the future financial support from EU and the Technical assistance project “Preparing the Ministry of Economy to function as an Implementing Agency under Phare Programme”, which at the time of the beginning of the current project is expected to be concluded.

3.3. Results
- Ministry of Economy fully prepared to act as a Managing Authority of Operational Programme “Development of the Competitiveness of the Bulgarian Economy” and to be able to manage projects and programmes under EU Structural Funds;
- Draft Operational Programme “Development of the Competitiveness of the Bulgarian Economy” and Programme Complement in place;
- Trained staff from the MoE and other line institutions in order to run the SF projects and programmes with respect to the Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases;
- Efficient and viable unit within the Ministry of Economy, responsible for planning-programming-budgeting phase of SF-type strategies, programmes and projects established;
- Monitoring/Management Information system for statistical and other data collection, processing and evaluation of plans, programmes and projects for the needs of the MoE (acting as Managing Authority) in place.
- An effective model for dialog, between MoE and other governmental, public and private bodies, aiming sustainable management of the OP and assuring the proper definition and designing of Programmes, Measures and Projects under the SF set up;

3.4. Activities
1. Setting up the framework for Managing Authority of the Operational Programme “Development of the Competitiveness of the Bulgarian Economy”
   - Complete assessment of the current state of readiness of the MoE staff, and other related institutions (i.e. review of the existing organizational structures, and decision making process, information flows, internal procedures manuals and auditing practices);
   - Support to the MoE to attain smooth bridging between management of Phare funded projects and SF interventions;
• Assistance in amending the Internal Regulations of the Ministry of Economy in regard to its functions as Managing Authority of an OP (i.e. organizational chart and job-descriptions of the staff, dealing with the above items);

• Setting up an effective model and mechanism for dialog, between MoE and other governmental, public and private bodies, aiming sustainable management of the Op and assuring the proper definition and designing of Programmes, Measures and Projects under the SF;


2. Preparation of the draft Operational Programme “Development of the Competitiveness of the Bulgarian Economy”, and draft Programme Complement
• Elaboration of written guidelines for internal co-ordination for preparation of Operational Programme and the Programme Complement;

• Preparation of a draft version of the Operational Programme, reflecting the priorities and multi-annual measures;

• Development of a “Procedure Manual” for implementation and administration the Operational Programme “Development of the Competitiveness of the Bulgarian Economy”.

3. Training Programme
• Human resources development strategy in the Ministry of Economy, including training programme based upon long-term training needs analysis, which will be elaborated under the project;

• Tailor-made training of the Ministry of Economy staff, with particular emphasis on the Programming, Implementation, Evaluation and Monitoring, Financial management and Control phases of SF projects and programmes management;

• Organization of thematic workshops and seminars at central and regional level and a limited number of study tours in EU member states;

4. Provision of assistance in designing, setting-up and operation of a Monitoring/Management Information System for Ministry of Economy assuring the linkage with the other involved institutions.
• Elaboration of IT equipment needs analysis for effective management of EU funds in terms of specific hardware and software, regarding accounting, payment procedures, internal audit and security system, system for data collection and processing;

• Preparation of feasibility study, based on the previously elaborated needs analysis for assistance in designing of a Monitoring/Management Information System for Ministry of Economy assuring the linkage with the other involved institutions. Special attention should be paid to the needs of procurement of equipment and specific software, installation and training of the MoE staff;

• Preparation of Technical specifications;

• Purchasing of equipment and specific software under separate supply contracts, installation and training of the MoE staff.

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).
3.5. Lessons Learned

The current project builds on the conclusions and recommendations of the Twinning project BG 0002.01 “Strengthening the capacity of the Ministry of Economy”, and namely on the following major recommendations:
- necessity of restructuring of the MoE in line with its short and medium term objectives,
- necessity of development of market-oriented sectoral policies,
- necessity of enhancement of the inter-ministerial coordination and coordination with other government bodies and NGOs.

The recommendations for strengthening the capacity of the Bulgarian administration for management of EU Structural Funds and the creation of conditions for a competitive market economy are amongst the result multiplication and assessment of lessons learned.

4. Institutional Framework

The Beneficiary of the project will be the Ministry of Economy. It will be responsible for management and co-ordination of the project.

A Deputy minister at the Ministry of Finance, will act as Programme Authorizing Officer (PAO) of the project.

Project leader

The technical implementation of the project will be the responsibility of the Ministry of Economy, whose main function will be day-to-day co-ordination and implementation of the project activities. In this respect, the Ministry will ensure that all activities will be undertaken in accordance with the agreed work plan and Practical Guide procedures and will be authorized by the PAO in the Ministry of Finance. The CC Project Leader will be Deputy Minister, Integration Policy (MoE).

Project Implementation Unit

A Project Implementation Unit (PIU) will support the project leader, which unit will be in charge of implementing various tasks of the project implementation. The PIU will be situated in the MoE and should include the directors of the directorates mentioned in ANNEX 4 of the current project fiche.

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

<table>
<thead>
<tr>
<th>Phare Support</th>
<th>Investment support</th>
<th>Institution Building</th>
<th>Total Phare (=I+IB)</th>
<th>National Co-financing</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twining services</td>
<td>--</td>
<td>€1,6 M</td>
<td>€1,6 M</td>
<td>*</td>
<td>€1,6 M</td>
</tr>
<tr>
<td>Supply contract</td>
<td>€0.15 M</td>
<td>--</td>
<td>€0.15 M</td>
<td>€0.15</td>
<td>€0.3 M</td>
</tr>
<tr>
<td>Total</td>
<td>€0.15 M</td>
<td>€1,6 M</td>
<td>€1,75 M</td>
<td>€0.15</td>
<td>€1,9 M</td>
</tr>
</tbody>
</table>

* The National co-financing for the Twinning services contract will be up to 10% of the Phare support for Institution building.

### 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:

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

Close links have to be established between all three projects. The activities of the twinning teams will be coordinated 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.

Therefore, 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 will be the Central Finance and Contracting Unit (CFCU). The CFCU will be the Contracting Authority and in that capacity will conduct tenders, conclude contracts and authorize related payments. A Deputy minister at the Ministry of Finance, will act as PAO of the project.

6.2. Twinning
The project will be delivered by twinning. Its duration will be 28 months as shown in section 7 of the current project fiche. The key results of the twinning are shown in the section 3.3 above. The activities to be undertaken under the twinning are shown in section 3.4.

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

Deputy Minister, Integration Policy
Ministry of Economy
8, Slavyanska str.
1046 Sofia

The Twinning project will therefore include:

- Pre-Accession Advisor (PAA – the assignment will last 18 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.
- MS Project Leader at senior level that will serve as the main point of contact on the Deputy Minister level. The Project Leader will coordinate the overall thrust of the project. She/he should have significant experience working with EU Structural and Cohesion Funds. 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.

The detailed description of the number, qualification and responsibilities of the twinning partner’s Team will be included in the additionally elaborated, between Bulgarian Ministry of Economy and its EU Member state counterpart, document, named “Twinning Covenant”.

6.3. Non-standard aspects
There are no non-standard contracts or tender procedures envisaged within this project. The Twinning Manual will be followed.

6.4. Contracts
- Twinning Covenant, which budget will be € 1,6 M. This budget will cover the costs for support provided by the EU and local experts, training of staff, survey, study visits and expert assistance;
• A contract for procurement of equipment and supporting software for the needs of the Beneficiary Institution, which amounts to € 0.3 M. It will also cover the costs for training of the staff. The contract will be awarded by the PAO in the Ministry of Finance.

7. **Implementation Schedule**

7.1. **Start of elaboration of Twining Covenant between Bulgarian Ministry of Economy and its EU member state counterpart**

   **January 2004**

7.2. **Start of project activity**

   **July 2004**

7.3. **Project Completion**

   **October 2006**

8. **Equal Opportunity**

The project will be implemented according to the regulations of Bulgarian law, providing equal opportunities for men, women and ethnic groups.

9. **Environment**

The project has no environmental impact.

10. **Rates of return**

N/A

11. **Investment criteria**

   11.1. **Catalytic effect:**

   The administrative capacity of the Ministry of Economy will be strengthened. The PHARE support accelerates the preparation of Bulgaria towards EU accession, thus adding up to the government's own efforts to create administrative structures for sound and efficient management and control of pre-accession aid, as well future management of the EU Structural Funds.

   11.2. **Co-financing:**

   Co-financing of € 0.15M from the National Fund is envisaged.

   11.3. **Additionality:**

   Phare intervention has not displaced other public or private sector financing for this project.

   11.4. **Project readiness and Size:**

   This project is designed to address the immediate needs in a very targeted manner for reinforcing the institutional capacity of the MoE and other line institutions and agencies that will be involved in managing, implementing, monitoring and evaluating the OP “Development of the Competitiveness of the Bulgarian Economy” It is crucial that the necessary capacity building takes place to ensure that the MoE is well positioned to assume its planned role in full.
11.5. Sustainability:
According to the “Strategy for Participation of Republic of Bulgaria in the EU Structural funds and the Cohesion Fund” the Ministry of Economy will assure the sustainability of the project’s outputs and will make further efforts for ensuring the effective operation of the Managing Authority for the Operational Programme “Development of the Competitiveness of the Bulgarian Economy”. Skill development in Project Cycle Management will be utilized for the future management of EU programmes and projects.

11.6. Compliance with state aids provisions:
The activities within the project will be implemented in accordance with the Art. 92(3)A of the Treaty of Rome with respect to regional aid in an Objective 1 Member State and the relevant Bulgarian legislation.

11.7. Contribution to National Development Plan
The project will help the management and programming of the activities envisaged under the first priority of the recently revised National Development Plan - “Development of the Competitiveness of the Bulgarian Economy”.

12. Conditionality and sequencing
The activities foreseen in the Strategy on the Preparation for EU Structural Funds implemented according to the time schedule by the end of 2003. The full staff of Programmes and Projects Coordination and Management Directorate must be in place in MoE before the project commences. The senior management of the MoE should support and be involved in all stages of the project.

ANNEXES
1. ANNEX 1 - Phare Log frame;
2. ANNEX 2 - Implementation chart;
3. ANNEX 3 - Contracting and disbursement schedule by quarter to full duration of the programme (MEUR);
4. ANNEX 4 - Organigram for implementation of project “Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds”;
5. ANNEX 5 – List of relevant to the project documents and Bulgarian laws;
6. ANNEX 6 - NEEDS ASSESSMENT of PHARE 2003 Project PROPOSAL “Strengthening the capacity of the Ministry of Economy to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds”;
7. ANNEX 7 - ADMINISTRATIVE CAPACITY FOR IMPLEMENTATION OF PHARE PROJECT PROPOSAL “Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds”.
**ANNEX 1**

**Phare log frame**

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR PROJECT</th>
<th>PROGRAMME NAME AND NUMBER</th>
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<tbody>
<tr>
<td>Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds</td>
<td>Contracting period expires Nov 2005</td>
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<tr>
<td>Disbursement period expires Nov 2006</td>
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<tr>
<td>Total budget: € 1.9M</td>
<td>Phare budget: € 1.75 M</td>
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</table>

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
</table>
| Strengthening institutional structures at central level in order to achieve, upon accession, sound and efficient management of EU Structural Funds | • Sound and efficient management of EU SF and co-financing resources  
• Rate of absorption of the SFs aid, commensurable with the average rate of absorption of the EU countries. | • Audit of the MoE in regard of compliance with EU requirements (i.e. MoF, Commission Services, National Audit Office, etc);  
• Annual report on progress towards accession. |

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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</thead>
</table>
| Preparing the Ministry of Economy to function as a Managing Authority for Operational Programme “Development of the Competitiveness of the Bulgarian Economy” and to increase its capacity for programming, management, evaluation and monitoring of projects and programmes under EU Structural Funds and structural funds type programmes. | • Number of staff trained in MoE and in other institutions;  
• Relevant documentation (operational manuals, guidelines, etc) prepared and tested. | • Regular reports of the contractor and evaluation sheets;  
• Minutes of the Steering Committee meetings;  
• Independent external evaluations. | • Commitment of the political level;  
• Project is considered high priority for the MoE  
• Stable legislative framework for the application of the Strategy on the Preparation for EU Structural Funds;  
• Recruitment and retention of the qualified staff;  
• Stability of institutions. |
<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
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</thead>
<tbody>
<tr>
<td>• Ministry of Economy fully prepared to act as a Managing Authority of</td>
<td>• All activities under the project are undertaken, monitored and evaluated. Equipment and relevant</td>
<td>• Regular project reports by the consultant;</td>
<td>• Rigorous project management;</td>
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<tr>
<td>Operational Programme “Development of the Competitiveness of the</td>
<td>software in place.</td>
<td>• Steering Committee sessions minutes;</td>
<td>• Timely issue of envisaged documentation;</td>
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<td>Bulgarian Economy” and to be able to manage projects and programmes</td>
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<td>• Evaluation of the carried out workshops, seminars, study tours;</td>
<td>• Support from other relevant institutions.</td>
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<td>under EU Structural Funds;</td>
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<td>• Monitoring reports and reports issued by Phare programme.</td>
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<td>• Draft Operational Programme “Development of the Competitiveness of</td>
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<tr>
<td>the Bulgarian Economy” and Programme Complement in place;</td>
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<td>• Trained staff from the MoE and other line institutions in order to</td>
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<td>run the SF projects and programmes with respect to the Programming,</td>
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<td>Implementation, Evaluation and Monitoring, Financial management and</td>
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<td>Control phases;</td>
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<td>• Efficient and viable unit within the Ministry of Economy, responsible</td>
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<td>for planning-programming-budgeting phase of SF-type strategies,</td>
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<td>programmes and projects established;</td>
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<td>• Monitoring/Management Information system for statistical and other</td>
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<td>data collection, processing and evaluation of plans, programmes and</td>
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<td>projects for the needs of the MoE (acting as Managing Authority) in</td>
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<td>place.</td>
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<td>• An effective model for dialog, between MoE and other governmental,</td>
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<td>public and private bodies, aiming sustainable management of the OP</td>
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<td>and assuring the proper definition and designing of Programmes,</td>
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<td>Measures and Projects under the SF set up;</td>
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<tr>
<td>Activities</td>
<td>Means</td>
<td>Assumptions</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>1. Setting up the framework for Managing Authority of the Operational Programme “Development of the Competitiveness of the Bulgarian Economy”</td>
<td>• Twinning Covenant</td>
<td>• Elaboration of Twinning Covenant and supply contracts signed according to the implementation chart;</td>
<td></td>
</tr>
<tr>
<td>2. Preparation of the draft Operational Programme “Development of the Competitiveness of the Bulgarian Economy”, and draft Programme Complement</td>
<td>• Supply contract</td>
<td>• The involved staff remains stable;</td>
<td></td>
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<tr>
<td>3. Training Programme</td>
<td></td>
<td>• Pro-active project management;</td>
<td></td>
</tr>
<tr>
<td>4. Provision of assistance in designing, setting-up and operation of a Monitoring/Management Information System for Ministry of Economy assuring the linkage with the other involved institutions.</td>
<td></td>
<td>• High level of coordination and cooperation between the involved institutions.</td>
<td></td>
</tr>
</tbody>
</table>

**Preconditions**

- Strategy on the Preparation for EU Structural Funds implemented according to the time schedule by late 2003;
- Programmes and Projects Coordination and Management Directorate operational.
ANNEX 2

Implementation Chart

<table>
<thead>
<tr>
<th>PROJECT TITLE</th>
<th>STRNGTHENING THE CAPACITY OF THE MOE TO MANAGE OPERATIONAL PROGRAMME “DEVELOPMENT OF THE COMPETITIVENESS OF THE BULGARIAN ECONOMY” UNDER EU STRUCTURAL FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERIOD</td>
<td>PERIOD</td>
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<tr>
<td></td>
<td>2003</td>
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<td>Qtr1</td>
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<tr>
<td>Component 1</td>
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<tr>
<td>Component 2</td>
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</tr>
</tbody>
</table>

**Legend:**

- ETC – Elaboration of Twinning Covenant
- T - tendering
- C - contracting
- I - implementation
**ANNEX 3**

Contracting and Disbursement schedule by quarter to full duration of the programme (MEUR)

<table>
<thead>
<tr>
<th>PROJET TITLE</th>
<th>STRENGTHENING THE CAPACITY OF THE MOE TO MANAGE OPERATIONAL PROGRAMME “DEVELOPMENT OF THE COMPETITIVENESS OF THE BULGARIAN ECONOMY” UNDER EU STRUCTURAL FUNDS</th>
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<tr>
<td>PERIOD</td>
<td>2003</td>
</tr>
<tr>
<td></td>
<td>Qtr1</td>
</tr>
<tr>
<td>Contract 1 - Twinning</td>
<td>1.6</td>
</tr>
<tr>
<td>Contracted</td>
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|              | 2004                                                                                                                           |
| Contracted   | 0.3   | 0.3   | 0.3   | 0.3   | 0.3   |
| Disbursement | 0.18  | 0.09  | 0.03  | 60%   | 30%   | 10%   |
| %            | 60%   | 30%   | 10%   |
ANNEX 4

Organigram for implementation of project “Strengthening the capacity of the MoE to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds”

**PAO**  
Deputy minister at the Ministry of Finance

**SPO**  
The director of DCMPP in MoE will act as SPO.

**PL**  
Deputy Minister, Integration policy

**MoE**

**PIU**

Directors of the following directorates:
1. DSA  
2. DCMPP  
3. DRA  
4. DNTP  
5. DITP  
6. DEADM  
7. DHR  
8. DIST

**Activity 1**  
Working group of two experts from each directorate, designated by the relevant director.

**Activity 2**  
Working group of two experts from each directorate, designated by the relevant director.

**Activity 3**  
Working group of two experts from each directorate, designated by the relevant director.

**Activity 4**  
Working group of three experts from DIST and one expert from DCMPP

**STEERING COMMITTEE**
The Steering Committee will consist of representatives from the MoF - three, MRDPW-two, MoE - 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.
**Legend:**

1. **DCMPP**  Directorate of Coordination and Management of Programmes and Projects

2. **DSA**  Directorate of Sectoral Analyses

3. **DRA**  Directorate of Regional Analyses

4. **DNTP**  Directorate of National Tourism Policy

5. **DITP**  Directorate of International Tourism Policy

6. **DEADM**  Directorate of Economic Analysis and Domestic Market

7. **DHR**  Directorate of Human Resources

8. **DIST**  Directorate of Information Services and Technologies
ANNEX 5

List of relevant to the project documents and Bulgarian laws

1. Council of Minister’s decision No. 312 from 28 of May 2002, adopting a Strategy on the Preparation for EU Structural Funds.

2. Strategy on Bulgaria’s participation in the EU Structural Funds and the Cohesion fund – adopted in May 2002 by a Council of Ministers’ Decree.


NEEDS ASSESSMENT of PHARE 2003 Project PROPOSAL “Strengthening the capacity of the Ministry of Economy to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds”

After its accession to the EU, Bulgaria will face significant challenges regarding the competitive pressure within the Union and attempting to measure up with the EU economy. A large number of these difficulties should be surmounted through the financial aid of the Structural and Cohesion Funds. That is why the establishment of efficient and smooth working structure for absorption and proper redistribution of this aid is of great importance.

In May 2002 the Bulgarian Council of Ministers passed a decision adopting a Strategy on the Preparation for EC Structural Funds (see Annex 5). Following the adoption of the “Strategy on Bulgaria’s participation in the EU Structural Funds and the Cohesion fund”, the envisaged institutional structure for Structural and Cohesion Funds assistance was clarified. The Ministry of Finance will be the authority responsible for the co-ordination of programming of Structural Funds assistance. In addition, it will become the Managing Authority for the Community Support Framework and for the Cohesion Fund. A number of operational programmes (OP) are envisaged. Ministry of Economy was nominated as Managing Authority for OP “Development of the Competitiveness of the Bulgarian Economy”. The now existing structure in the Ministry of Economy for implementation of pre-accession projects under PHARE programme will be very useful in regard of the implementation of the before mentioned operational programme. In order to be able to assume these responsibilities the Ministry restructured existing “Project Implementation Directorate” into “Programmes and Projects Coordination and Management Directorate” and entrusted it with new responsibilities regarding the coordination of the Ministry of Economy’ activities under the “Strategy on Bulgaria’s participation in the EU Structural Funds and the Cohesion fund”. However, the Ministry of Economy will need further development in order to manage with the specific issues of the Structural and Cohesion Funds (SCF).

Over the years the EU countries have amass significant knowledge and experience, working with SCF. The transposition of this experience to the Bulgarian administration, could help the Ministry of Economy to build up, in relatively short terms, viable and effective structures with commensurable quality of work regarding its EU counterparts.

In order to achieve maximum efficiency, this help should be concentrated in the most important points, such as:

- preparation of the draft Operational Programme “Development of the Competitiveness of the Bulgarian Economy”, and draft Programme Complement,
- setting up the framework for Managing Authority of that particular Operational Programme,
- elaboration of human resources development strategy and tailor-made training of the Ministry of Economy staff,
- Provision of assistance in designing, setting-up and operation of a Management Information System for Ministry of Economy assuring the linkage with the other involved institutions.

These are the specific activities under the draft project fiche “Strengthening the capacity of the MoE to manage Operational Programme “Development of the competitiveness of the Bulgarian Economy” under EU Structural Funds”. The implementation of that project will be in line with the statement of the European Commission in the 2002 Regular Report on the Bulgaria’s progress towards accession: “Bulgaria must now implement the government decision of May 2002. The mechanisms of coordination and management for the implementation of the strategy on structural funds will need to be refined. Much needs to be done to improve the administrative capacity of the managing and paying authorities. Inter-ministerial co-ordination remains limited. Further clarification is necessary as regards the definition of tasks and responsibilities to be performed by the bodies or authorities involved in the preparation and implementation of Structural and Cohesion Funds assistance”. 

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The Ministry of Economy was established in December 1999 as a result of the merger of the Ministry of Industry and the Ministry of Trade and Tourism. The responsibilities of the Ministry of Economy include sector and regional industrial policy, foreign economic and trade policy, tourism and certain registration and licensing activities, enterprise restructuring and privatization.

Actively from 15.10.2001 within the Ministry of Economy was established Project Implementation Directorate (PID), responsible for implementation of projects and programmes, financed by the European Union. The PIUs of PHARE projects are part of Project Implementation Directorate. On September 19, 2002 a new Organizational Statute of the Ministry of Economy was adopted. The Project Implementation Directorate was enlarged and renamed to “Coordination and Management of Programmes and Projects” Directorate (CMPP).

The Coordination and Management of Programmes and Projects Directorate at the Ministry of Economy comprises of 25 full-time Commission Staff. The personnel of the Directorate are divided into two departments – “Programming, monitoring and Japanese Technical Assistance” and “Analysis and Implementation of Programmes and Projects”.

The “Programming, monitoring and Japanese Technical Assistance” Department comprises of eleven full time staff who are involved in the following activities:
- planning and programming of projects’ finance resources from pre-accession funds of the European Union, which are in the competence of the Ministry of Economy;
- preparation and actualization of the National Economic Development Plan of the Republic of Bulgaria for the respective programming period;
- organization and technical support for the activities of the Economic Development Sector Sub-committee for monitoring of PHARE Program implementation;
- coordination of programming activities and absorption of the Japanese technical assistance to the Republic of Bulgaria;
- organization and coordination of activities in the area of monitoring and evaluation of results and impacts;
- coordination of activities concerning management of donor programs, led by the Ministry of Economy;
- other activities as per the Statute of the MoE.

The “Analysis and Implementation of Programmes and Projects” Department counts twelve persons who are responsible for:
- organization, coordination and management of programme implementation financed by the EU that are in the scope of the Ministry of Economy;
- coordination of the participation of the Ministry of Economy in EU programs, including horizontal long-term programmes of the European Commission;
- preparation of position papers on program documents and financial agreements;
- other activities as per the Statute of the MoE;

The directorate interacts with respective structures within the Ministry of Economy as well as with other ministries and organizations and with administrative structures of the European Commission and countries outside the EU on issues in the scope of its activities.
It is planned the project “Strengthening the capacity of the Ministry of Economy to manage Operational Programme “Development of the Competitiveness of the Bulgarian Economy” under EU Structural Funds” to be implemented through a PIU situated at the Ministry of Economy. A Project Leader shall be appointed to coordinate the activities under its implementation. The designated persons will be as follows:

**Project Leader** – Deputy Minister - Integration Policy, Ministry of Economy

**Project Implementation Unit:**
- Coordination and Management of Programmes and Projects Directorate, Ministry of Economy;
- Sectoral Analyses Directorate, Ministry of Economy;
- Regional Analyses Directorate, Ministry of Economy;
- National Tourism Policy Directorate, Ministry of Economy;
- International Tourism Policy Directorate, Ministry of Economy;
- Economic Analysis and Domestic Market Directorate, Ministry of Economy;
- Human Resources Directorate, Ministry of Economy;
- Information Services and Technologies Directorate, Ministry of Economy.

**Number of staff:**
- Coordination and Management of Programmes and Projects Directorate, Ministry of Economy – comprises 25 full-time Commission Staff.
- Sectoral Analyses Directorate, Ministry of Economy – consist of 29 full-time staff persons.
- Regional Analyses Directorate, Ministry of Economy – counts 18 full-time experts.
- National Tourism Policy Directorate, Ministry of Economy – consist of 10 full-time experts.
- International Tourism Policy Directorate, Ministry of Economy – comprises of 10 full-time experts.
- Economic Analysis and Domestic Market Directorate, Ministry of Economy – counts 33 full-time personnel.
- Human Resources Directorate, Ministry of Economy – consist of 9 full-time experts.
- Information Services and Technologies Directorate, Ministry of Economy – comprises 12 full-time staff persons.

**Project 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” The Steering Committee will consist of representatives from the Ministry of Finance - three, Ministry of Regional Development and Public Works-twow, 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.