1. Basic Information

1.1 CRIS Number: BG2004/016-711.10.05
1.2 Title: Unallocated Institution Building Envelope
1.3 Sector: Administrative Reform and Capacity
1.4 Location: Bulgaria
1.5 Duration: Phase 1 – Year 2004
       Phase 2 – Year 2005
       Phase 3 – Year 2006

2. Objectives

2.1 Overall Objective(s):
Strengthening the institutions and administrative capacity for the transition to Structural Funds and the full application of the acquis communautaire.

2.2 Project purpose:
To provide Institution Building through assistance (twinning, twinning light, or other form of technical assistance) to meet the requirements related to specific urgent and unforeseen needs identified in the course of the accession negotiation process, in the preparation of the Action Plan for the Administrative and Judicial capacity and the Structural Funds strategy. In particular this facility may help to:

• assist the adoption and implementation of acquis in particular areas where assistance is still necessary;
• strengthen the institutional and operational capacity of public administration bodies in view of the future role in the implementation of the EU acquis;
• to develop human resources of public administration institutions relevant for the implementation of the EU acquis
• to develop the institutions required to manage EU pre-accession assistance and implement the “Strategy for the Participation of the Republic of Bulgaria in the European Union Structural Funds”

2.3 Accession Partnership and NPAA priority
AP: “Prepare a fully comprehensive, public administration reform strategy, including an action plan, in 2003. The strategy should involve a twin track approach combining; continuing to support institution building directly relevant to the acquis and management of EC funds; and horizontal reform designed to improve the effectiveness of the public administration more generally”.
“Give more attention when the EC acquis is transposed, to how this can be implemented and enforced, including in the court system, at national, regional and local levels, in a way appropriate to the situation in Bulgaria”.
In addition, the Bulgaria AP contains a requirement to:

1. “Make progress in implementing the Bulgarian National Strategy for preparation on Structural Funds and the Cohesion Fund. Continue to adopt the framework legislation needed to implement the acquis under “Regional policy and co-ordination of structural instruments”.
2. “Bring administrative capacity fo 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 (in terms of recruitment, career profiles and training)”.
3. “Make progress in ensuring compliance with acquis requirements for monitoring and evaluation of the Structural Funds, in particular for ex-ante evaluation and for the collection of the relevant statistical information and indicators”.

2.4 Contribution to National Development Plan

An effective transition to Structural Funds would contribute significantly to the achievement of key objectives under the preliminary National Development Plan.

2.5 Cross Border Impact

Not Applicable

3. Description

3.1 Background and justification:

Bulgaria has been the beneficiary of accession related PHARE institution building projects since 1998. A number of institution building projects have been or are being completed successfully in the form of full scale twinning with the assistance of Member States experts. However at this stage of Bulgaria’s accession preparation there is a clear demand to establish a more flexible institution building instrument to address specific well-circumscribed self contained subjects of limited scope. The unallocated institution building envelope will provide the possibility to respond to emerging tasks in a more flexible and immediate way. Within the National PHARE budget an unspecified envelope will be earmarked from which projects to be implemented in the form of twinning, twinning light, orcommercially contracted technical assistance can be financed. In particular, projects will be supported in those areas in which an urgent or unforeseen task would come up during the accession negotiations or which have a high priority. The project may also cover the needs identified during the accession negotiations such as expertise of economic, social, legal and institutional nature.

The UIBE 2003 has been allocated several months after the signing of 2003 Financing Memorandum. This is clearly demonstrated the high level interest of the Bulgarian Institutions in this kind of facility.

3.2 Linked activities:

- All institution building projects financed by PHARE since 1998
- The TAIEX Multi-beneficiary Programme, which acts as a complement to the national Phare programmes and is coordinated with them, responding to individual requests not covered in these programmes by tailor-made actions for each country in all fields of the acquis.
- SIGMA Multi-beneficiary Programme, which advises on the modernisation of general management systems of public institutions, oriented to accession priorities and complementing National Programmes for Institution Building and twinning.
- BG 0205.02 – Unallocated Institution Building Envelope.
- BG 2003/004-937.10.05 – Unallocated Institution Building Envelope.
3.3 Results:

- Concrete administrative structures and management systems in place which satisfy the requirements of the acquis communautaire in a number of areas.
- Institutional reform and capacity building to ensure effective implementation of Bulgaria’s strategy for management of pre-accession assistance and transition to Structural Funds

3.4 Activities:

An envelope for as yet unspecified institution building projects will be established. Funded projects will rest on a number of fundamental principles:

- Projects will be based on priorities identified in the Accession Partnership, the NPAA and the Action Plan for Administrative and Judicial capacity, or emerge from the ongoing negotiation process. There will be cases where the relationship with the acquis will be concretely established, but there might also be cases, where a focused institution building project will be the most suitable method for the achievement of a desired result in a broader sense of the acquis or in fulfillment of the Copenhagen criteria.

- The project will target very specific areas where Institution Building support is required in relation to the challenges and requirements of the EU integration process and to the negotiation chapters: preparation for future structural and regional policies (including participation in Structural Funds), preparation of relevant administrative structures for future accession.

- the project targets a concrete, operational guaranteed result

- the beneficiary lays out a clear work programme, how it intends to achieve the result and what means it will deploy. The project should make the commitment of the beneficiary to achieve the guaranteed result explicit.

- Size and budget of projects will be subject of individual assessment, subject to PHARE guidelines including on Twinning and Twinning light

- All projects should be in full compliance with the Commission’s PHARE guidelines

- Projects can be implemented in the form of twinning, twinning light and technical assistance

- Funding will be allocated as required for monitoring and interim evaluation of Phare projects after the end of the current EU centrally funded contract

A Steering Committee for Institution Building under the Chairmanship of the NAC will be created that will define the detailed criteria for application, the timing of call for proposals, the minimum - maximum size and duration of projects, the practical working method and if necessary the proportion between the different tools of support. The Steering Committee shall have the first meeting at the time of the signature of the Financing Memorandum 2004. It shall decide about the first allocation not later than the following three months. The applications for Twinning, Twinning Light and Technical Assistance will be received to the NAC services not later than 31 May 2005. After this period the SC shall guarantee that an amount of 1 Meuro will be available for allocation of Twinning Light projects in order to meet some urgent needs of the Bulgarian Authorities. The part of funds should be available until the signing of the Financing Memorandum 2005. The SC shall also guarantee that a clear timetable is defined in a way to ensure that the IB assistance is in place before the end of 2004. The SC shall meet on regular basis in order to make sure that the timetable is implemented or projects are designed in accordance with the defined needs. An indicative timetable is included in Annex 1.
4. Institutional Framework

The beneficiaries of funds of the unspecified envelope will be different institutions applying for financial support. Decision on projects to be submitted for financing within the budget will be taken by a Steering Committee for Institution Building including, but not limited to, the PHARE National Aid Co-ordinator, the EC Delegation, the National Authorizing Officer and the CFCU. The Steering Committee will define the detailed criteria for application, the timing of call for proposals, the minimum - maximum size and duration of projects and if necessary the proportion between the different tools of support. From there on the procedures will follow what provided for in the “Twinning Manual”, “Procedures for twinning light”, and the PRAG.

5. Detailed Budget

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<th>Year 2004/ Phase 1</th>
<th>EU Support</th>
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<td>National Co-financing*</td>
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<td>5.000.000</td>
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| Grand Total | 15.000.000 | 15.000.000 | * | 15.000.000 |

* To all Twinning and Twinning Light projects up to 10% government co-financing will be allocated to cover the necessary counterpart costs arising from the implementation of the project. The National co-financing will be provided through the National Fund Directorate within the Ministry of Finance.

6. Implementation Arrangements

6.1. Financial Management

The financial management of the envelope will be carried out by the CFCU at the Ministry of Finance.

6.2. Implementing Agency

The Implementing Agency will be the Central Finance & Contracting Unit (CFCU) in the Ministry of Finance. CFCU will work closely with both the NAC and each beneficiary institution that receives assistance under the facility. The NAC will be responsibility for overseeing implementation of general training provided under the facility. The relevant beneficiary institution will be responsible for overseeing project-specific assistance provided under the facility.

The Programme Authorising Officer will be the Secretary General of the Ministry of Finance.
6.3 Twinning

Beneficiary institutions are not determined, due to the nature of the envelope.

6.4 Non-standard aspects

The Practical Guide for Phare, ISPA and SAPARD contract procedures and the specific twinning and twinning light rules will strictly be followed.

6.5 Contracts

Due to the nature of the envelope for the time being it is not possible to foresee the number and value of contracts.

7. Implementation Schedule

7.1 Start of tendering/call for proposals: As defined in Annex 1.

7.2 Start of project activities

Contracts may be signed only after the signature of the Financing Memorandum for the Phare 2003 National Programme. (Last project must start at least 2 months before the expiry date of the contracting period.)

7.3 Project Completion

Projects for each year must be completed before the expiry date of the disbursement period in the Financing Memorandum for the Phare National Programme 2004, ie 30 November 2007.

8. Equal Opportunity

Equal opportunity for men and women will be guaranteed.

9. Environment

Not applicable.

10. Rates of return

Not applicable.

11. Investment criteria

Not applicable.

12. Conditionality and sequencing
The envelope will be actually used only if there are enough concrete applications fulfilling the criteria identified.

The beneficiary institutions are bound to provide the twinning partner with adequate staff and other resources (including translation and interpretation) to operate effectively. The full commitment and participation of senior management of the beneficiary institution is required for the implementation of the projects.

The sequencing is subjected to the deliberations of the Steering Committee meetings.

Support for institution building in the context of Bulgaria’s transition to Structural Funds will be consistent with the government’s final strategy for transition to Structural Funds.

Funding will be allocated as required for monitoring and interim evaluation of Phare projects after the end of the current EU centrally funded contract.

Annexes to project Fiche
1. Indicative Timetable of Steering Committee
2. Logical framework matrix in standard format
3. Detailed implementation chart
4. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
INDICATIVE TIMETABLE OF THE STEERING COMMITTEE

December 2004  Kick-off meeting of StC in order to define methods and strategy of the use of the funds

From January 2005  Start of StC Decisions of the allocation of the funds

From May 2005  Call for proposals for twinning and twinning light; start of tendering TA based on the StC decision

From September 2005  Start of twinning light/twinning projects or TA

From September 2005  Start of allocation of the last 1 Meuro for Twinning Light Projects

November 2006  Last contracting date

September 2007  Completion of the IB implementation

November 2007  Last disbursement date
<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strengthening the institutions and administrative capacity for the transition to Structural Funds and the full application of the acquis communautaire</td>
<td>• Increasing number of Bulgarian institutions completely ready to manage Structural Funds and apply the acquis communautaire</td>
<td>Accession partnership, Regular Report, Structural Funds Strategy</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
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</thead>
<tbody>
<tr>
<td>• Completion of some specific urgent, unforeseen needs identified in the course of the accession negotiations, the NPAA, the preparation of the Action Plan for Administrative and Judicial capacity and the Structural Funds strategy</td>
<td>• Acceleration of the progress within ministries/institutions towards meeting the requirements of the acquis and Structural Funds strategy</td>
<td>Minutes of the most recent project review meeting, Monitoring reports, Regular report</td>
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</table>

<table>
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<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
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<tbody>
<tr>
<td>• Concrete administrative structures and management systems in place which satisfy the requirements of the acquis communautaire in a number of areas.</td>
<td>• Specific identified tasks have been completed with the help of MS experts or TA provided by experts selected through the Practical Guide for Phare procedures.</td>
<td>Twinning experts reports, Monitoring reports</td>
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<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Preconditions</th>
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<tbody>
<tr>
<td>• Establishment of a facility providing support for institution building projects</td>
<td>• An unattributed envelope will be earmarked from which a number of projects will be financed</td>
<td>The beneficiaries allocate appropriate human &amp; financial resources to the specific activities. Full participation of senior management</td>
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### Detailed implementation chart

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<tr>
<td>Building Envelope</td>
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**Legend:**
- **D:** Design
- **T:** Tendering/Call for proposals and contracting
- **I:** Implementation

Due to the nature of the facility the various phases of the project cycle will in practice run in parallel contract by contract.

### CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE

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Due to the nature of the facility the contracting and disbursement schedule can be estimation only.