

Programmes covered:

**1994
1998
1999
2000
2001
2002**

**Interim Evaluation of the
European Union Phare
Programme**

Country: Bulgaria

Sectors addressed:

- 1. Economic Development**
- 2. Agriculture**
- 3. Transport**
- 4. Environment**
- 5. Regional
Development/Cross Border
Co-operation**
- 6. Energy &
Telecommunications**
- 7. Social Development**
- 8. Public Sector/Development
of Administrative Capacity**
- 9. Public Finance**
- 10. Justice & Home Affairs**

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2003**

Author: EMS Bulgaria

**Reporting Period:
12/12/2002 to 01/12/2003**



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The views expressed are those of the EMS consortium and do not necessarily reflect those of the European Commission.

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ABSTRACT

Scope of the evaluation

This country summary is based on interim evaluations that have been issued (or are being prepared for issuing) by the EMS Consortium between 12 December 2002 and 01 December 2003. During this period, 13 interim evaluations have been started, 15 interim evaluation reports have been issued. EMS interim evaluations have covered approximately 200 Phare projects with a total Phare allocation of approximately M€ 500.¹ Approximately 500 interviews have been conducted and 1000 documents reviewed.

Main Findings

Phare assistance is generally *relevant*. However, project objectives are frequently vague and the assistance it is not always well matched to the management and absorption capacities of relevant intuitions. This has resulted in a contracting crisis in November 2003. Recent improvements in aid coordination, together with multi-annual programming, should help to ensure better project design in future. With few exceptions, there has been a lack of *efficiency* in both the planning and implementation of Phare assistance. Widespread delays in planning and implementation continue to undermine Phare assistance. There has been some improvement in the area of monitoring, but an effective monitoring system remains to be achieved. The *effectiveness* of Phare assistance is sub-optimal. This is largely due to delays in planning and contracting that have been observed during the period covered by this country summary. *Effectiveness* tends to be better for projects with objectives that are clearly specified and that are not over-ambitious. With the exception of the economic development and social development sectors, evaluated Phare assistance is likely to have discernable positive *impact* in the future. However, the real *impact* of Phare assistance is unlikely to be known unless a mechanism for measuring it is systematically incorporated into project design and effectively implemented during and after the project lifetime. The *sustainability* of the results of Phare assistance is at risk due to high rates of staff-turnover, the mismatch in the volume of assistance and the management and absorption capacities of relevant intuitions, and the lack of proactivity displayed by some beneficiaries in leveraging the results of Phare assistance.

Key Recommendations:

- The Government should take steps to minimize the large scale replacement or movement of Phare staff in contracting authorities and other key Phare institutions.
- The Bulgarian authorities should not submit applications for Phare funding to the Commissions Services that exceed the capacities of the relevant institutions to manage or utilise such funding..
- Future Phare grant schemes should include realistic, measurable indicators of impact and relevant baseline data should be gathered during the grant application process. Ex-post evaluation should become a standard feature of all Phare grant schemes exceeding M€5.
- More emphasis should be placed on monitoring as an important, continuous management tool, rather than simply as the production of twice yearly monitoring reports. As part of this process, project and sectoral monitoring objectives and roles should be further defined and formally assigned to specified individuals in relevant institutions.
- The remit of the working group established to coordinate programming in the area of economic and social cohesion should be extended to cover the implementation and post implementation phases of Phare assistance in this area.

¹ This includes a number of projects that have been evaluated twice. The actual number and value of the evaluated Phare projects is therefore less than 200 and Million €500 respectively.

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GLOSSARY OF ACRONYMS

| | |
|-------|---|
| BCCP | Border Crossing Checkpoint |
| CBC | Cross-Border Co-operation |
| CFCU | Central Finance and Contracts Unit |
| CSR | Country Summary Review |
| ECD | Delegation of the European Commission |
| EU | European Union |
| FIDIC | Federation Internationale des Ingenieurs-Conseils |
| ISPA | Instrument for Structural Polices for pre-Accession |
| JMC | Joint Monitoring Committee |
| MAF | Ministry of Agriculture and Forestry |
| M | Million |
| MEUFD | Management of EU Funds Directorate at the Ministry of Finance |
| MRDPW | Ministry of Regional Development and Public Works |
| NAC | National Aid Co-ordinator |
| PPF | Project Preparation Facility |
| SME | Small and Medium Enterprises |
| SMSC | Sectoral Monitoring Sub-Committee |

PHARE KEY FINDINGS AND RECOMMENDATIONS

| Ref. | Key Issue | Para | Recommendation |
|------|--|---------------------------|--|
| 1 | One of the most significant factors limiting the success of Phare assistance is the continuing high rates of Phare staff turnover in key institutions. The most serious problems have been caused by the large scale replacement or departure of key Phare staff over a brief period. This occurred at the Ministry of Regional Development and Public Works in late 2002, for the second time since mid-2001. There were significant changes in Phare staff at the Ministry of Labour and Social Policy in early 2003 and a number of key Phare staff subsequently transferred to the Ministry of Economy in late 2003. | 9 11 13 19 27 | <p>1. The Government should take steps to minimize the large scale replacement or movement of Phare staff in contracting authorities and other key Phare institutions.</p> <p>2. The continuing problem of high voluntary staff-turnover in Phare planning, management, and implementation bodies could to some extent be alleviated through the provision of regular training, at strategic times of year, in core programme/project activities, such as project design and monitoring. Rather than continuing to rely heavily on external consultants and the EC Delegation to fill the gap, especially in areas such as project design, and the preparation of other project documentation, the Bulgarian administration should develop its own training capacity and a systematic, long-term training programme to provide introductory and refresher training in core project skills, at regular intervals, for those involved in project design and management</p> |
| 2 | In some sectors, (e.g. economic development and social development) the relevant institutions have struggled to cope with the volume and complexity of Phare assistance. More assistance does not automatically lead to better results. | 9 | <p>3. The Bulgarian authorities should not submit applications for Phare funding to the Commissions Services that exceed the capacities of the relevant institutions to manage or utilise such funding.</p> <p>4. Where the utilisation of allocated Phare funds is delayed due to lack of capacity, or where the allocated funding is found to be less relevant than originally envisaged, the Bulgarian authorities should give early consideration to the possibility of reallocating funds between projects or sectors. This will mitigate the risk of last minute contracting and the possible loss of funds.</p> <p>5. The European Commission Delegation should limit the commitment of funds where there is clear evidence that the necessary capacity to manage them effectively is lacking.</p> |
| 3 | The inter-sectoral working group established to co-ordinate programming in the area of economic and social cohesion is a significant positive development. | 14 | <p>6. The remit of this working group should be extended to include the implementation and post-implementation phases.</p> |
| 4 | The real impact of much Phare assistance is unlikely to be known as there is no system for assessing it. This reduces the possibility for refocusing or fine-tuning future Phare assistance. This is particularly important for economic and social cohesion grant schemes where there is no direct link between beneficiaries and planners. | 22 | <p>7. Future Phare grant schemes should include realistic, measurable indicators of impact and relevant baseline data should be gathered during the grant application process. Ex-post evaluation should become a standard feature of all Phare grant schemes exceeding M€5.</p> |
| 5 | There has been some improvement in the quality of some recent monitoring reports but an effective monitoring system has yet to be achieved. | 16 | <p>8. More emphasis should be placed on monitoring as an important, continuous management tool, rather than simply as the production of twice yearly monitoring reports. As part of this process, project and sectoral monitoring objectives and roles should be further defined and formally assigned to specified individuals in relevant institutions.</p> |

PHARE SUMMMARY SHEET

| Sector | Report Number | Projects Covered | Phare Allocation Million € | Rating | Cut-Off Date | Issue Date | Debriefing Date | Status As Of 01 December 2003 (if not issued) |
|-----------------------------------|---------------------|------------------|----------------------------|--------|--------------|------------|-----------------|---|
| Economic Development | R/BG/EC-DEV/03.001 | 12 | 36.700 | HU | 17/03/2003 | 16/05/2003 | 11/06/2003 | |
| | R/BG/EC-DEV/03119 | 10 | 43.200 | HU | 03/10/2003 | 21/11/2003 | | |
| Agriculture | R/BG/AGR/03.117 | 15 | 23.643 | S | 07/10/2003 | | | Incorporation of Comments |
| Transport | R/BG/TRA/03.005 | 15 | 108.383 | U | 10/06/2003 | 20/08/2003 | 18/09/2003 | |
| Environment | R/BG/ENV/03.003 | 27 | 17.063 | S | 25/03/2003 | 27/05/2003 | 26/06/2003 | |
| | R/BG/ENV/03.118 | 16 | 57.9 | S | 29/09/2003 | 14/11/2003 | | |
| Social Development | R/BG/SOC/02.015 | 14 | 42.230 | U | 28/10/2002 | 14/01/2003 | 27/02/2003 | |
| | R/BG/SOC/03.004 | 9 | 43.980 | U | 27/06/2003 | 04/09/2003 | 13/10/03 | |
| Energy & Telecommunications | R/BG/NUC/03.002 | 6 | 9.710 | S | 11/03/2003 | 10/06/2003 | 14/07/2003 | |
| | R/BG/ENE-TEL/03.125 | | | | | | | In progress |
| Regional Development / CBC | R/BG/REG/02.014 | 31 | 31.044 | S | 29/10/2002 | 9/01/2003 | 04/02/2003 | |
| | R/BG/REG/03.007 | 27 | 20.464 | U | 04/07/2003 | 22/08/2003 | 29//09/2003 | |
| Public Administration Development | R/BG/PAD(2)/02.019 | 6 | 12.700 | S | 13/01/2003 | 25/02/2003 | 24/03/2003 | |
| | R/BG/PAD/03.116 | 10 | 19.380 | JS | 19/09/2003 | 18/11/2003 | | |
| Public Finance | R/BG/FIN/03.075 | 14 | 26.220 | JS | 17/07/2003 | 16/09/2003 | 08/10/2003 | |
| Justice & Home Affairs | R/BG/JHA/02.017 | 10 | 32.700 | S | 29/11/2002 | 3/02/2003 | 20/02/2003 | |
| | R/BG/JHA/03122 | | | | | | | In Progress |

NR – Not Rated; HS – Highly Satisfactory; S – Satisfactory; JS – Just Satisfactory, U – Unsatisfactory; HU – Highly Unsatisfactory.

COUNTRY SUMMARY

Introduction

1. This country summary identifies key Phare issues in Bulgaria. It is based on interim evaluations that have been issued (or are being prepared for issuing) by the EMS Consortium between 12 December 2002 and 01 December 2003. Each interim evaluation report focuses on one of the ten Phare monitoring sectors established in Bulgaria: Economic Development, Agriculture, Transport, Environment, Regional Development / Cross-Border Co-operation, Energy and Telecommunications, Social Development, Public Sector / Administrative Capacity Development, Public Finance, and Justice and Home Affairs.

Scope of the Interim Evaluation Reports

2. Between 12 December 2002 and 01 December 2003 13 interim evaluations have been started, 15 interim evaluation reports have been issued. Two interim evaluations are in progress. EMS interim evaluations have covered approximately 200 Phare projects with a total Phare allocation of approximately M€ 500.² Approximately 500 interviews have been conducted and 1000 documents reviewed.

Interim Evaluation Methodology

3. *Monitoring and assessment* was previously carried out under a single contract. In May 2001, the responsibility for Phare monitoring was transferred to the Bulgarian authorities. *Assessment*, which was transformed into *interim evaluation*, continued to be carried out under a Commission Services contract. Interim evaluations are intended to be based on Phare monitoring reports produced by the Bulgarian authorities for the ten sectoral monitoring sub-committees (SMSC), which each meet twice a year. Interim evaluations focus on:

- The *relevance* of the evaluated assistance to clearly identified needs, to the absorption capacity of beneficiary institutions, to the Accession Partnership, and to Government strategies.
- The *efficiency* with which Phare funding is utilised.
- The *effectiveness* of evaluated assistance in delivering the planned benefits.
- The *impact* of the evaluated assistance on the wider, sectoral issues that the assistance is intended to contribute to.
- The *sustainability* of the results of the evaluated assistance.

4. Each project covered by an interim evaluation is rated against each of the above five criteria. Each project and each criterion (across all projects) is then assigned an overall rating and from these an overall rating for the sector is derived.

Purpose and content

5. This report is intended to provide management information for the benefit of the Joint Monitoring Committee (JMC). It highlights lessons learned from the implementation of Phare programmes across the ten monitoring sectors. The recommendations are submitted for the consideration of the JMC members. The performance of the individual sectors under evaluation is set out in the Evaluation Matrix, below.

² This includes a number of projects that have been evaluated twice. The actual number and value of the evaluated Phare projects is therefore less than 200 and Million €500 respectively.

Lessons learned from the implementation of Phare

Relevance

6. All of the assistance covered by this Country Summary Review (CSR) was programmed prior to the transfer of national aid co-ordination responsibilities to the Ministry of Finance and the establishment of the Management of EU Funds Directorate (MEUFD). Thus this CSR does not comment on the programming and design of Phare 2003 onwards, which should be positively influenced by steps taken by the MEUFD to improve the co-ordination, quality, and screening of project proposals. The relevance of Phare 2004 projects onwards should also benefit from the introduction of multi annual programming.

7. The evaluated assistance is generally relevant to sectoral needs, to the adoption of *acquis communautaire*, and to Government policies and strategies.

8. However, assistance in most sectors has suffered to some extent from one or more of the following design weaknesses (see Annex 2 for further details):

- a. Over-ambitious compared to the management and/or absorption capacity of the relevant institutions;
- b. Vague objectives;
- c. Irrelevant or otherwise unusable indicators of achievement of project objectives;
- d. Inadequate justification for entire project or specific activities;
- e. Incomplete preparatory activities;
- f. Poorly prepared contractual documents.

9. The relevant institutions responsible for the management of Phare assistance in the economic development, agriculture, transport, social development, and regional development sectors have struggled to cope with the given volumes of assistance. This is most evident in the case of grant schemes in the economic development, social development, and regional development sectors; too much has been attempted in too short a period, and with inadequate resources. The result of this has predictably been significantly sub-optimal results and a contracting crisis in November 2003, with the attendant risk of losing significant amounts of Phare funding. Rather than waiting for this crisis to develop, an alternative approach would have been to consider the reallocation of funds while there was still time to do it.

Efficiency

10. Eleven of the fifteen interim evaluations covered by this CSR rate efficiency as “-1” or “-2” (on a scale from “-2” to “+2”) (i.e as “unsatisfactory” or “highly unsatisfactory”). Two interim evaluations (covering different sectors) gave a rating of +1. Only in the environment sector has efficiency in two successive interim evaluations been rated as “0” (“adequate”) or better. Efficiency in the economic development sector has been rated “-2” in two successive interim evaluations.

11. Assistance in most sectors has been subject to delays. This is largely attributable to the lack of suitably experienced staff assigned to manage Phare projects, and to the high turnover of key Phare staff in various institutions, which has resulted in the loss of Phare know-how, errors, delays, and the repetition of previous mistakes. This has been most noticeable in the economic development sector. The superior performance of the environment sector reflects the fact that for several years there has been little turnover of key Phare staff at the Ministry of Environment and Waters. A contributory factor to these delays was the lack of a full time financial officer at the European Commission Delegation between October 2002 and September 2003.

12. As mentioned above, delays have led to a contracting crisis in November 2003. The contracting of significant sums of Phare funds within days of contracting deadlines is widely seen as a success. This can only be considered a success if the main objective is simply to spend Phare funds. It can not be viewed as a success if the objective is to spend Phare funds effectively since in many cases, the factors that have led to problems in the planning and contracting phases are likely to undermine project implementation. Significant "last-minute" contracting is indicative of a failure to take timely corrective management actions.

13. Due to the lack of the necessary capacity on the part of contracting authorities, and beneficiaries, the burden of ensuring the quality of project documentation remains firmly with the ECD.

14. There has been a continued absence of co-ordination in the area of economic and social cohesion, although an inter-sectoral working group to co-ordinate programming in the economic development sector was recently established. This is a significant positive development and reflects one of the main recommendations of one of the interim evaluation reports covering this sector.

15. Although the vagueness of project objectives and the lack of useful indicators of achievement of project objectives have been frequently commented upon, there has been no discernable attempt by beneficiaries to clarify or refine either, even where this has been agreed by the beneficiary following interim evaluation.

16. Some of the most recent project and sectoral monitoring reports were good. However, in general monitoring reports remain weak and appear to be viewed essentially as administrative documents rather than as important management tools, and monitoring itself tends to be regarded as the production of monitoring reports twice per year rather than as a continuous proactive process.

The most recent monitoring reports provided for public administration and home affairs projects were generally good. The agriculture sectoral monitoring report was of a high standard, although individual project monitoring reports were not useful as the former was prepared by the Project Implementation Unit at the Ministry of Agriculture and Forests, while the latter were prepared by project beneficiaries. There was improvement in the sectoral and individual monitoring reports provided for the economic development sector.

Effectiveness

17. Effectiveness describes the extent to which progress has been made towards the achievement of project objectives during the evaluated period. Overall, effectiveness is rated as sub-optimal. Effectiveness in the economic development, social development, and regional development sectors has been rated negatively in two successive evaluations for each of these sectors since December 2002. The better performing sectors in this respect are public administration development and public finance.

18. Effectiveness tends to be better for projects where the objectives are clearly identifiable, such as legislation harmonisation

Interim evaluation report R/BG/NUC/02003 noted that *although know-how transfer to the Nuclear Regulatory Agency is a stated objective of the evaluated assistance, much of this will rely on unclearly defined 'on-the-job' training. As most of the activities appear to be carried out by contractors, it is expected that future activities in this area will continue to rely on international contractors.*

and strategy development. It is less convincing for capacity building or know-how transfer projects where the objectives are frequently poorly defined. In these cases there is a risk that projects become activity-driven rather than objective driven, and while the activities themselves

may be useful, they do not necessarily lead to a clear and specific improvement in institutional, or departmental performance.

19. Another primary reason for sub-optimal progress towards the achievement of stated objectives is that the assistance is too ambitious for the management or absorption capacities of the relevant institutions. This accounts for the consistently low rating for effectiveness given by interim evaluations to the Phare economic development sector.

Interim evaluation report R/BG/FIN/03075 noted that BG-0006.03 is very ambitious and does not correspond to the implementation capacity of the General Tax Directorate.

Impact

20. Overall, the 15 interim evaluation reports covered by this CSR have rated the likely impact of evaluated Phare assistance as sub-optimal.

21. The least impact is expected from Phare assistance in the economic development and social development sectors. Assistance in other sectors is expected to have some impact, although this is, in most cases, not expected to materialise until sometime after the end of the assistance.

22. As projects do not include provision for the collection of relevant data during or after implementation, the real impact of much Phare assistance (i.e. its contribution to the achievement of wider objectives) will probably never be known. This is a significant weakness of the Phare system as it reduces the possibility of objectively refocusing or fine tuning future assistance in order to better achieve wider objectives. This is particularly important for grant schemes as these currently account for a significant proportion of Phare funds in the economic development, social development, and regional development sectors, and bearing in mind their importance in the framework of the Structural Funds.

Sustainability

23. Overall, the 15 interim evaluation reports covered by this CSR rated the likely sustainability of the results of Phare assistance as sub-optimal.

24. The main risks to the sustainability of Phare assistance are posed by:

- a. High rates of staff turnover;
- b. The mismatch, in some cases, between the volume of assistance and the capacity of relevant institutions to manage and absorb the assistance;
- c. The lack of proactivity displayed by some beneficiaries in leveraging the benefits of Phare assistance.

25. The sustainability of assistance in the economic development and social development sectors has been consistently been rated low. In other sectors it is rated as “adequate”, and for the public administration development sector it has twice been rated “good”.

26. The previous CSR stated that *institution building and know-how transfer assistance is frequently unsustainable. Projects are designed and conducted in such a way that contractors and twinning partners perform many of the activities with limited input from beneficiaries. These tend to view European Union (EU) Phare experts more as subsidised staff rather than a source of “pump-priming” expertise to be built upon after the conclusion of projects. Except in cases where project aims specifically include the training of trainers, there is little evidence of any attempt on the part of beneficiaries to leverage Phare assistance by ensuring that those*

involved in project activities are used to disseminate new skills and knowledge to their colleagues. There is therefore a continuing, heavy reliance on Phare to meet

Interim evaluation report R/BG/ENV/03118 noted that the *results of institution strengthening twinning projects are expected to be sustained. The MoEW [Ministry of Environment and Waters] is making steady progress towards the enforcement of environmental legislation and has changed institutional structures and appointed new staff in order to achieve this. New water and radiation protection follow-on projects have been planned.*

most of the Bulgarian administration's institutional development needs and this is reflected in the need for numerous successive follow-on projects. To a large extent this remains valid in December 2003.

27. An underlying objective of the growing number of grant schemes in the economic development, social development and regional development sectors is to develop capacity to design, manage, and implement grant schemes in preparation for the eventual management of EU structural funds. Sustainability in this respect has been significantly undermined by the exceptionally high rates of replacement of key Phare staff in the three relevant ministries.

| Evaluation Matrix | | | | | | | |
|-----------------------------------|--------------------|-------------|------------|---------------|--------|----------------|-----------------------|
| Sector | Report Number | Relevance | Efficiency | Effectiveness | Impact | Sustainability | Verbal Overall Rating |
| Economic Development | R/BG/EC-DEV/03.001 | -1 | -2 | -2 | -2 | -2 | Highly Unsatisfactory |
| | R/BG/EC-DEV/03119 | -1 | -2 | -1 | -2 | -1 | Highly Unsatisfactory |
| Agriculture | [R/BG/AGR/03.117] | 1 | -1 | 0 | 0 | 0 | Satisfactory |
| Transport | R/BG/TRA/03.005 | 0 | -1 | 0 | 0 | 0 | Unsatisfactory |
| Environment | R/BG/ENV/03.003 | 1 | 0 | -1 | 1 | 0 | Satisfactory |
| | R/BG/ENV/03.118 | 1 | 0 | 0 | 1 | 0 | Satisfactory |
| Social Development | R/BG/SOC/02.015 | -1 | -1 | -1 | -1 | -1 | Unsatisfactory |
| | R/BG/SOC/03.004 | 0 | -1 | -1 | -1 | -1 | Unsatisfactory |
| Energy & Telecommunications | R/BG/NUC/03.002 | 1 | -1 | 0 | 0 | 0 | Satisfactory |
| | R/BG/ENE-TEL/03125 | In Progress | | | | | |
| Regional Development / CBC | R/BG/REG/02.014 | 1 | 1 | -1 | -1 | 1 | Satisfactory |
| | R/BG/REG/03.076 | 1 | -1 | -1 | 0 | 0 | Unsatisfactory |
| Public Administration Development | R/BG/PAD(2)/02.019 | 2 | -1 | 1 | 1 | 1 | Satisfactory |
| | R/BG/PAD/03116 | 1 | -1 | 1 | 1 | 1 | Just Satisfactory |
| Public Finance | R/BG/FIN/03.075 | -1 | -1 | 1 | 0 | 0 | Just Satisfactory |
| Justice & Home Affairs | R/BG/JHA/02.017 | 1 | 1 | 1 | 1 | 1 | Satisfactory |
| | R/BG/JHA/03122 | In Progress | | | | | |

Reports in square brackets [] are draft reports.

| | | | | |
|----------------------------------|-----------------------|-----------------|---------------------|----------------------------|
| <i>Unacceptable</i> | <i>Poor</i> | <i>Adequate</i> | <i>Good</i> | <i>Excellent</i> |
| <i>-2</i> | <i>-1</i> | <i>0</i> | <i>1</i> | <i>2</i> |
| <i>Highly Unsatisfactory</i> | <i>Unsatisfactory</i> | | <i>Satisfactory</i> | <i>Highly Satisfactory</i> |
| <i>HU</i> | <i>U</i> | | <i>S</i> | <i>HS</i> |

Recommendations for the consideration of JMC members

- The Government should take steps to minimize the large scale replacement or movement of Phare staff in contracting authorities and other key Phare institutions.
- The continuing problem of high voluntary staff-turnover in Phare planning, management, and implementation bodies could to some extent be alleviated through the provision of regular training, at strategic times of year, in core programme/project activities, such as project design and monitoring. Rather than continuing to rely heavily on external consultants and the EC Delegation to fill the gap, especially in areas such as project design, and the preparation of other project documentation, the Bulgarian administration should develop its own training capacity and a systematic, long-term training programme to provide introductory and refresher training in core project skills, at regular intervals, for those involved in project design and management
- The Bulgarian authorities should not submit applications for Phare funding to the Commissions Services that exceed the capacities of the relevant institutions to manage or utilise such funding.
- Where the utilisation of allocated Phare funds is delayed due to lack of capacity, or where the allocated funding is found to be less relevant than originally envisaged, the Bulgarian authorities should give early consideration to the possibility of reallocating funds between projects or sectors. This will mitigate the risk of last minute contracting and the possible loss of funds.
- The European Commission Delegation should limit the commitment of funds where there is clear evidence that the necessary capacity to manage them effectively is lacking.
- The remit of the working group established to coordinate programming in the area of economic and social cohesion should be extended to include the implementation and post-implementation phases of Phare projects.
- Future Phare grant schemes should include realistic, measurable indicators of impact and relevant baseline data should be gathered during the grant application process. Ex-post evaluation should become a standard feature of all Phare grant schemes exceeding M€5.
- More emphasis should be placed on monitoring as an important, continuous management tool, rather than simply as the production of twice yearly monitoring reports. As part of this process, project and sectoral monitoring objectives and roles should be further defined and formally assigned to specified individuals in relevant institutions.

ANNEXES

Annex 1. Interim Evaluation Abstracts

Abstracts are listed in order of cut-off date.
Abstracts for reports that have not yet been issued are not listed.

| Report Number | Cut-Off Date | Issue Date | Debriefing Date |
|----------------------|---------------------|-------------------|------------------------|
| R/BG/SOC/02.015 | 28/10/02 | 14/01/03 | 27/02/03 |
| R/BG/REG/02.014 | 29/10/02 | 09/01/03 | 04/02/03 |
| R/BG/JHA/02.017 | 29/11/02 | 03/02/03 | 20/02/03 |
| R/BG/PAD(2)/02.019 | 13/01/03 | 25/02/03 | 24/03/03 |
| R/BG/NUC/03.002 | 11/03/03 | 10/06/03 | 14/07/2003 |
| R/BG/EC-DEV/03.001 | 17/03/03 | 16/05/03 | 11/06/2003 |
| R/BG/ENV/03.003 | 25/03/03 | 27/05/03 | 26/06/2003 |
| R/BG/TRA/03.005 | 10/06/03 | 20/08/20003 | 18/09/03 |
| R/BG/SOC/03.004 | 27/06/03 | 04/09/03 | 13/10/03 |
| R/BG/REG/03.076 | 04/07/03 | 22/08/03 | 29//09/2003 |
| R/BG/FIN/03.075 | 17/07/03 | 16/09/20003 | 08/10/03 |
| R/BG/PAD/03.116 | 19/09/03 | 18/11/03 | |
| R/BG/ENV/03.118 | 29/09/03 | 14/11/03 | |
| R/BG/EC-DEV/03.119 | 03/10/03 | 21/11/2003 | |

*Abstract and Sector Sheet of IE Report R/BG/SOC/02015, 14 January 2003, EMS Bulgaria
(cut-off date: 28 October 2002)*

This Abstract of the Interim Evaluation Report BG/SOC/02015 can be found on the CIRCA system.

Scope of the evaluation

This interim evaluation covers 14 social development projects with a total allocation of M € 49.173 of which M € 42.23 is from Phare and M € 6.943 is from Bulgarian sources. The interim evaluation was conducted in September 2002 and October 2002 and reflects the situation at 18 October 2002. The evaluated projects cover Roma integration, employment promotion, and institution building.

Key achievements, findings and recommendations

Although *relevant* Roma integration projects address the issue of Roma integration in a small way. Employment promotion projects are *relevant*. Institution building projects are only *partially relevant*.

Management of the projects was generally *inefficient*, but especially so in the areas of Roma integration and civil society development. There is little Roma representation on project steering committees. A number of conditionalities have not been met, including the recruitment of new project implementation staff at the National Council on Ethnic and Demographic Issues. Only 6.88% of the allocated Bulgarian co-financing has so far been committed.

With one exception, there has been no attempt to gather or analyse relevant data to measure the *effectiveness* of the 14 Phare projects. Roma integration projects have so far delivered limited effects. Employment promotion and, to a lesser extent, institution building projects are expected to be moderately effective.

Little *impact* can be expected from Roma integration projects. Employment promotion projects are likely to contribute to the achievement of wider objectives. Only two of the five institution building projects are likely to result in real, observable *impact*.

Roma integration projects are unlikely to deliver significant sustainable results due to their fragmentation, lack of follow-up, and lack of clear stakeholder ownership. Under the main employment promotion project, BG-9915.01, there has been an attempt to ensure the *sustainability* of jobs created. Nevertheless, it is not clear to what extent this will guarantee the *sustainability* of jobs created beyond the end of the project. With the exception of BG-0005.04 and BG-0102.07, there are unlikely to be significant sustainable results from the five institution building projects.

Recommendations

- The National Council on Ethnic and Demographic Issues should increase the number of Phare project management staff, as it has already committed itself to do and it should ensure the effective participation of Roma representatives in the management of Roma integration projects by allocating 50% of steering committee membership to the Roma community;
- Two of the institution building projects in the area of civil society development are about to commence. They have significant design weaknesses. They should be not be contracted until their design as been improved;
- Most recommendations from the previous interim evaluation report remain valid.

Rating (not published in CIRCA)

The overall rating of the achievement of Programmes' objectives for this sector is "**Unsatisfactory**".

| Number | Type of assistance | Programme/ project title | Implementing authority |
|-----------------------------|---------------------|--|------------------------|
| Roma integration | | | |
| BG-9907.01 | SR/INV | Access to education and training for Roma representatives to work in public administration and police structures | NCEDI |
| BG-9907.02 | SR&WK/INV | Technical assistance for urbanisation and infrastructural development of Roma areas | NCEDI |
| BG-0104.01 | TA&TW/IB, SR&SU/INV | Roma Population Integration | NCEDI & MES |
| BG-0104.02 | TA/IB, SU&WK/INV | Ensuring Minority Access to Health Care | MH |
| Employment promotion | | | |
| BG-9915.01 | TA&GR/IB | Steel and Mining Areas Employment project (SMAEP) | MLSP |
| BG-0004.03 | TA/IB, SR&GR/INV | Vocational Training | MLSP |
| BG-0004.04 | TA/IB, SR&WK&SU/INV | Renovating Vocational Training Institutes | MLSP & MES |
| BG-0102.05 | TA/IB, GR&WK&SU/INV | Labour Market Initiatives | MLSP |
| BG-0102.06 | TA/IB, GR&WK&SU/INV | Social Inclusion | MLSP & MC & NCEDI & EA |
| Institution building | | | |
| BG-9918.02 | TW/IB | Development of Human Resource and Information Capacity at the National Health Insurance Fund of Bulgaria (NHIF) | NHIF |
| BG-0005.04 | TA&TW/IB, SU&SR/INV | Child Welfare Reform | SACP & MLSP |
| BG-0102.07 | TW/IB, SR&SU/INV | Preparing for future European Social Fund (ESF)-type programmes | MLSP |
| BG-0104.03 | TA/IB, GR&SR/INV | Civil Society Development | MFA ³ |
| BG-0104.04 | TA/IB, SR/INV | Professional Standards in Journalism | CFCU ⁴ |

CFCU-Central Finance and Contracts Unit, EA-Employment Agency, GR-Grants, IB-Institution building, INV-Investment, MC-Ministry of Culture, MES-Ministry of Education and Science, MFA-Ministry of Foreign Affairs, MH-Ministry of Health, MLSP-Ministry of Labour and Social Policy, NCEDI-National Council on Ethnic and Demographic Issues at the Council of Ministers, NHIF-National Health Insurance Fund, SACP-State Agency for Child Protection, SR-Services, WK-Works, TW-Twinning/Twinning light, SU-Supplies

The evaluated Phare projects in the Social Development sector cover social and economic integration of Roma, protection of vulnerable groups through promotion of employment measures, and improvement of the quality of the labour force.

The evaluated projects are in line with the priorities outlined in the Government programme "People are the wealth of Bulgaria". They support the priorities and target groups of the Government's new social policy strategy of October 2002. The projects reflect the priorities of the Accession Partnership and three chapters of the National Programme for the Adoption of the *Acquis*: chapter 13. Social Policy and Employment, chapter 18. Education and Training, and chapter 21. Regional Policy and Co-Ordination of Structural Instruments.

³ The project fiche envisages a consortium of NGOs that will implement the project. As there is still no selected consortium, Ministry of Foreign Affairs, that programmed the project, and the Central Contracts and Finance Unit at the Ministry of Finance manage it.

⁴ European Institute has been specified as the project implementation unit for the project but as it should be contracted and hasn't been so far, the Central Contracts and Finance Unit at the Ministry of Finance has taken over the implementation at present.

*Abstract and Sector Sheet of IE Report R/BG/ REG/02014, 09 January 2003, EMS Bulgaria
(cut-off date: 29 October 2002)*

This Abstract of the Interim Evaluation Report BG/REG/02014 can be found on the CIRCA system.

Scope of the evaluation

This interim evaluation covers 16 regional development and cross-border co-operation projects with a total allocation of M € 48.194 of which M € 34.164 is from Phare and M € 14.030 is from Bulgarian sources. The interim evaluation was conducted during October 2002 and reflects the situation at 29 October 2002.

Key achievements, findings and recommendations

The evaluated project is *relevant* with two exceptions. One cross-border co-operation projects with Romania envisages some activities that have already been addressed under other projects. The proposed border crossing check-point at Makaza is looking increasingly irrelevant as it is unlikely that work on the Greek side of the border will be completed before 2007, when Bulgaria is expected to join the European Union, at which point it is expected that there will be free movement between Bulgaria and Greece.

Although the evaluated projects continue to suffer from earlier design and management problems, there has recently been a significant improvement in the *efficiency* of management, particularly at the Ministry of Regional Development and Public Works.

The *effectiveness* of the evaluated projects is limited. Only one of the three preparatory projects for Economic and Social Cohesion fully achieved its objectives. The Technical Assistance under the Cross-Border Cooperation was successful. Other projects have not yet started.

The *impact* of preparatory projects has been limited as they largely failed to achieve their objectives. Two tourism-related projects are unlikely to have significant impact. Cross-border co-operation projects are expected to have some impact but this is limited in the case of projects on the Greek border due to a lack of reciprocal activities on the Greek side of the border.

Provided that the Ministry of Regional Development and Public Works continues to improve its Phare management performance there are reasonable prospects for the *sustainability* of whatever impact results from the cross-border co-operation projects. The sustainability of the two Phare 2001 tourism-related projects is doubtful as it depends on local level initiatives and the abilities of the beneficiaries to further sustain rehabilitated roads and monuments and to develop further initiatives to benefit from the assistance (i.e. the renovation of roads and monuments).

Recommendations

- The European Commission Delegation should not approve any commitments in respect of the border crossing check-point at Makaza until there has been an independent review of the relevance of the check-point bearing in mind the likely delay in completion of works on the Greek side of the border and the expected date of Bulgaria's accession to the European Union.
- The Ministry of Labour and Social Policy should take into account the management proposals of organisations short-listed as candidates to manage centres for unemployed healthcare workers and teachers under BG-9919.06. It should not consider organisations that do not provide sound, documented management proposals.

Rating (not published in CIRCA)

The overall rating of the achievement of Programmes' objectives for this sector is "**satisfactory**".

Sector Sheet

| Regional Development/Cross-Border Cooperation | | | |
|--|--------------------|---|-------------------|
| Number | Type of assistance | Programme/ project title | Implementing body |
| Project Preparation facility for Phare 2000/2001 Economic and Social Cohesion | | | |
| BG-9919.04 | TA/PP | Municipal road scheme for improved access to sites of touristic interest | MRDPW |
| BG-9919.04 | TA/PP | Preparation activities for the productive sector investment | MoE, MRDPW |
| BG-9919.06 | TA/PP | Labour market initiatives and Social inclusion | MLSP, MES |
| Phare Economic and Social Cohesion | | | |
| BG-0102.03 | TA/SERV/ INF | Development of the Bulgarian cultural tourism | MoE, MoC |
| BG-0102.04 | TA/SERV/ INF | Roads access to tourism sites | MRDPW |
| Cross-Border Cooperation between Bulgaria and Greece | | | |
| BG-9904.04.03.01 | TA | Preparation of Cross-Border Development Plan | MRDPW |
| BG-9904.04.04.03 | TA | TA to the Phare CBC department at the MRDPW | MRDPW |
| BG-9904.04.04.04 | TA | TA to the REA PIU | REA |
| BG-0106.01 | SERV/INF | Construction of BCCP at Makaza | MRDPW |
| BG-0106.02 | TR/PROC | Supply of equipment to the BCCP in Novo Selo and Ilinden. Staff training to BCCP in Novo Selo, Ilinden and Kulata | MRDPW |
| BG-0106.07 | INV | Joint Small Projects Fund | MRDPW |
| Cross-Border Cooperation between Bulgaria and Romania | | | |
| BG-9916.03.01 | TA | Preparation of CBC Plan between Bulgaria and Romania | MRDPW |
| BG-0007.03.01 | TA/PROC | Facilitation of the Danube river border crossing | NCA, NBPS |
| BG-0007.04.01 | INV | Joint Small Projects Fund | MRDPW |
| BG-0107.01 | SERV/INF | Construction of BCCP at Silistra | MRDPW |
| BG-0107.05 | INV | Joint Small Projects Fund | MRDPW |

BCCP–Border Crossing Check-point, CBC–Cross Border Cooperation, INF-Infrastructure, INV-Investment, MES – Ministry of Education and Science, MoE – Ministry of Economy, MoC – Ministry of Culture, MRDPW – Ministry of Regional Development and Public Works, NBPS – National Border Police Service, NCA – National Customs Agency, PIU–Programme Implementation Unit, PP-Project Preparation, PROC-Procurement, REA–Roads Executive Agency, SERV- Services, TA-Technical Assistance, TR–Training

Evaluated Economic and Social Cohesion projects correspond to the priorities of the National Economic Development Plan and the National Programme for the Adoption of the Acquis covering *creation of sustainable business conditions and improvement the competitiveness of the tourism sector*.

Recent Phare Cross Border Cooperation programming aims to draw it closer to the INTRREG programme and to make it consistent with the national economic and social cohesion priorities. There is a Joint Programming Document between Bulgaria and Greece agreed in 2000. Under the BG-9904.03.01 a complement to it has been prepared. Joint Programming Document between Bulgaria and Romania was developed under BG-9916.03.01. Overall, the evaluated CBC projects correspond to the regional and national strategies for enhancement of the economic development and alleviation of economic and social disparities in the cross-border regions.

Cross Border Cooperation border crossing projects are further supported by bilateral agreements with Romania and Greece. BG-0106.01 aims at construction of a border-crossing check-point at Makaza and BG-0107.01 and BG-0007.03.01 fall within the framework of the agreement with Romania for modernisation of existing border crossing check-points and construction of new check-points.

*Abstract of IE Report R/BG/JHA/02017, 03 February 2003, EMS Bulgaria
(cut-off date: 29 November 2002)*

This Abstract of the Interim Evaluation Report R/BG/JHA/02017 can be found on the CIRCA system.

Scope of the evaluation

This interim evaluation covers 10 Justice and Home Affairs projects with a total allocation of M € 41.253 of which M € 32.7 is from Phare and M € 8.553 is from Bulgarian sources. The interim evaluation was conducted in November and December 2002 and reflects the situation at 29 November 2002.

Key achievements, findings and recommendations

The evaluated projects are *relevant* to the needs and problems of the sector, Government strategy, and to the National Programme for the Adoption of the *acquis*.

Management of the projects was generally *efficient*, although there are delays in contracting some components.

Most immediate objectives have been met or are expected to be met. The assistance is expected to be *effective*. Legislation has been harmonised, institutional restructuring is in progress, and border control equipment has been supplied. However, due to the late contracting of some components, it is possible that not all of the expected effects will materialise.

Although there are currently no supporting statistics, in the medium to long-term, *impact* should be observed in higher crime detection rates, faster and more effective processing of prosecutions, faster processing of bankruptcy cases, fewer illegal cross-border activities, and faster and fairer processing of asylum seekers. The immediate *impact* of border control equipment could be limited by the late contracting of related training and technical assistance.

Sustainability is good due to the strong commitment of the Government and beneficiaries to reform in this sector. Four projects are rated “Highly Satisfactory”.

Recommendations

- The Central Finance and Contracts Unit should finalise and circulate to beneficiaries a detailed and definitive manual (in Bulgarian and English) on managing co-financing;
- The Ministry of Finance should appoint at least one additional expert to the CFCU to assist with the management of co-financing related to twinning projects;
- The Ministry of Justice should finalise the Strategy for the Computerisation of the Judiciary bearing in mind that the computer equipment to be supplied under BG-0103.04 can not be specified until the Strategy is finalised;
- The National Aid Co-ordinator together with the Central Finance and Contracts Unit and the National Fund should prepare an official Bulgarian translation of the Twinning Manual and PRAG using the expertise of the National Documentation and Translation Centre;
- There were no recommendations still valid from the previous interim evaluation of this sector.

Rating (not published in CIRCA)

The overall rating of the achievement of Programmes’ objectives for this sector is “Satisfactory”.

Sector Sheet

| Number | Type of assistance | Programme/ project title | Implementing authority |
|---------------------|--------------------|---|------------------------|
| Justice | | | |
| BG-9911.03 | TWIN/PROC | Strengthening the Independence of the Judiciary and the Institutional Capacity of the Ministry of Justice | MoJ |
| BG-0005.01 | TWIN/PROC | Strengthening of the Public Prosecutor's Office | PPO |
| BG-0103.03 | TA | Recruitment and Training Strategy for the Judiciary | MoJ |
| BG-0103.04 | TWIN/PROC | Streamlining Bankruptcy Proceedings | MoJ |
| Home Affairs | | | |
| BG-9911.01 | TWIN/PROC | Institution Strengthening of the Bulgarian Border Police | MoI, NBPS |
| BG-9911.02 | TWIN/PROC | Institutional Strengthening of the Bulgarian Police | MoI |
| BG-0005.02 | PROC/TA | Modernising Border Police Equipment the Turkish Border | MoI, NBPS |
| BG-0005.03 | TWIN/PROC | Developing and Implementing a National Anti Drugs Strategy | MoI |
| BG-0012.02 | PROC/TA | Strengthening Control of the Bulgarian Black Sea Maritime Border | MoI, NBPS |
| BG-0103.06 | TWIN/PROC | Strengthening the Refugees Agency | RA |

TA – Technical Assistance; TWIN – Twinning; PROC - Procurement

MoJ – Ministry of Justice; PPO – Public Prosecutor’s Office; NBPS – National Border Police Service; MoI – Ministry of Interior; RA – Refugees Agency.

The evaluated projects address the needs and problems in the justice and home affairs sector in Bulgaria and in particular tackle the implementation of the conditions for achieving European Union membership by 2007, which is the Government’s main objective.

The projects provide assistance to strengthen administrative capacity in the areas of border control, asylum, police co-operation, fight against drugs and judicial co-operation.

Other Government priorities supported by the evaluated assistance are: modernisation of the border control equipment and especially the telecommunication system; harmonisation of the legislation in the asylum area; development of infrastructure for accommodation of refugees and their full integration, and elaboration and implementation of a National Anti-Drugs Strategy.

The evaluated projects also support the priority of the Government set out in the programme “People are the Wealth of Bulgaria” adopted in October 2001: *“to establish strict criteria for professionalism and integrity in the recruitment of justices; to streamline, expedite and minimise the costs of legal proceedings; to give the police clear rules of operation and of in-house control on those rules; to make sure the work of the police is transparent to the public and subject to police control.”*

All these priorities are in line with the Accession Partnership and National Programme for the Adoption of the *Acquis*.

The key legislation governing this sector is: the Judicial Power Law, Penal Code, Penal Procedural Code, Ministry of Interior Law, and the Refugees Law.

*Abstract of IE Report R/BG/PAD/02019, 25 February 2003, EMS Bulgaria
(cut-off date: 13 January 2003)*

This Abstract of the Interim Evaluation Report BG/PAD/02019 can be found on the CIRCA system.

Scope of the evaluation

This interim evaluation covers six public administration development projects with a total allocation of M € 30.365 of which M € 12.7 is from Phare and M € 17.665 is from Bulgarian sources. The interim evaluation was conducted between November 2002 and January 2003 and reflects the situation at 13 January 2003.

Key achievements, findings and recommendations

All of the evaluated projects are highly *relevant* to the Accession Partnership, the National Programme for the Adoption of the *Acquis*, Government policy, and Bulgarian legislation.

Management of the projects was generally *inefficient*, but especially so in the areas of statistics. Project monitoring has improved but further improvement is necessary. Project objectives are generally vague and the indicators of achievement are of little use. All projects have been subject to long delays. Two important conditionalities have only been partially met after a long delay. Procurement of thermo-physics laboratory equipment failed and there is no budget for the procurement of IT equipment necessary for the development of a market surveillance system.

Progress has been made and overall *effectiveness* is satisfactory although there has been no activity under the evaluated statistics project since 2001.

The evaluated assistance is likely to have some *impact* in most cases. Possible exceptions to this are the assistance to the Institute for Public Administration and European Integration, which still lacks a permanent base, almost three years after its establishment, and the assistance to the National Statistical Institute (there have been no project activities since 2001).

Project results are likely to be *sustained* in most cases. Assistance to the Institute for Public Administration and European Integration could be at risk if a permanent base is not found for it in the near future. There is a risk to the sustainability of the envisaged assistance to the National Fund and the Central Finance and Contracts Unit. These two institutions have difficulty attracting and retaining suitable staff.

Recommendations

- The Institute for Public Administration and European Integration should assess alternative options for providing itself with a suitable, permanent base for its operations, including suitable administrative and training facilities and a library in one location;
- The State Agency for Metrology and Technical Surveillance should locate funding for the procurement of equipment for the thermo-physics laboratory to ensure that Bulgaria has at least one laboratory that meets internationally recognised standards for the calibration of temperature-measurement equipment;
- The Central Finance and Contracts Unit should promptly review the terms of reference for technical assistance to the National Statistical Institute and forward them to the European Commission Delegation for approval.

Sector Sheet

| Public Administration Sector | | | |
|--|---------------------|---|------------------------|
| Number | Type of assistance | Programme/ project title | Implementing authority |
| Public administration building | | | |
| BG-9909.01 | TA/IB, SU/INV | Training for Public Administration -Reinforcement of the institutional and administrative capacity to manage the Acquis | CoM |
| BG-0103.01 | TA/IB | Strategic policy-making and co-ordination | CoM |
| BG-0103.02 | TA/IB, SU/INV | Implementing civil service reform | CoM |
| Institutional capacity strengthening | | | |
| BG-0003.02 | TA&TA&TW/IB, SU/INV | Establishing a conformity assessment system | BAS, SAMTS, EAC&T |
| BG-0006.04 | TA/IB,SU/INV | Institution Building and Development of the National Statistics System | NSI |
| Management of EU funds | | | |
| BG-0103.09 | TA/IB, SU/INV | Improving the management of EU funds | NF |
| Definitions of abbreviations in the table: BAS – Bulgarian Accreditation Service, CoM – Council of Ministers, EAC&T – Executive Agency for Certification and Testing, EU – European Union, IB – Institution building, INV – Investment, NF – National Fund, NSI – National Statistical Institute, SAMTS – State Agency for Metrology and Technical Surveillance, SU – Supplies, TA – Technical Assistance, TW – Twinning | | | |
| Phare projects of the Public administration sector refer to the following priority issues of political criteria of the Accession Partnership: reinforcement of the institutional and administrative capacity; capacity for strategic planning, policy analysis and evaluation at the centre of government and in line ministries; consultation with affected parties in preparation of strategies and new legislation. The “Roadmaps for Bulgaria and Romania” ⁵ also refer to the need of strengthening the administrative capacity that will enable the country to meet fully the <i>acquis</i> criteria. In its programme ⁶ presented in October 2001 the Government of Bulgaria pointed out several priorities in the field of public administration that are supported by legislative and administrative changes: building of an effective public administration; carrier development of the civil servants on a merit basis, which objectives, <i>inter alia</i> , are amendments to the Law on Civil Servants ⁷ , National Strategy for Training of the civil servants ⁸ . There are four chapters of the National Programme for the Adoption of the <i>Acquis</i> along with its political criteria that are tackled by the Phare support in the Public Administration sector – chapter 1. Free movement of goods, chapter 12. Statistics, chapter 21. Regional policy and co-ordination of structural instruments, 29. Financial and budgetary provisions. In line with the processes of globalization of the economy and liberalization of world trade the Government initiated amendments to the Law on Technical Requirements to Products ⁹ in order to achieve compliance of Bulgarian products and the Bulgarian market with the principles of the “New Approach” and the “Global Approach” to conformity assessment. | | | |

⁵ “Communication from the Commission to the Council and the European Parliament, Roadmaps for Bulgaria and Romania”, issued by the Commission of the European Communities in November 2002, Brussels.

⁶ Government programme “People are the wealth of Bulgaria”, October 2001.

⁷ An Amendment to the Law on Civil Servants is envisaged by the Council of Ministers for October 2002, but has not been submitted to the National Assembly yet.

⁸ The Strategy for Training of the Public Administration Employees has been approved by the Council of Ministers with decision No 85 dated 14 February 2002.

⁹ Adopted by the National Assembly in June 2002.

*Abstract of IE Report R/BG/NUC/03002, 10 June 2003, EMS Bulgaria
(cut-off date: 11 March 2003)*

Scope of the evaluation

This in-depth interim evaluation focuses on two institution building projects to the Nuclear Regulatory Agency (one under implementation and one under preparation) and one technical assistance project to Kozloduy Nuclear Power Plant (currently under preparation). Two projects from the 2002 programme, the Financing Memorandum for which was signed just prior to the start of this evaluation, are noted and a further project to the Nuclear Regulatory Agency from the centralised 1999 programme, which is about to be contracted, is included due to its close links to the 2001 programme. European Commission investment financing through BG-0009.01 *Contribution to the EBRD Kozloduy International Decommissioning Support Fund* is noted, but not evaluated.

Key achievements, findings and recommendations

Projects in this sector are highly *relevant* to the needs of the beneficiaries, Bulgaria and the wider international community as they directly and indirectly address improving the safety of nuclear power and nuclear waste storage. Nevertheless, the objectives contained in the terms of reference for BG-0009.02 *Institution Building of the Nuclear Regulation Agency – Support to Licensing activity related to the Decommissioning of Kozloduy Units 1 & 2* reflect what is expected to be achieved over the longer term, not within the scope of the project itself. Inadequate consideration was given at the planning stage to matching project activities to the availability of decommissioning-related documents from the Kozloduy Nuclear Power Plant.

Planning and procurement of the assistance to the regulator have not been *efficient* due to the re-orientation of programme management to clear the backlog of nuclear safety projects, the limited experience of beneficiary in project preparation, the detailed (and therefore lengthy) review process involving RAM-G, CONCERT¹⁰, and the Commission Services at Headquarters prior to approval, and the introduction of new rules for contracting. This has led to a reduction in time available for implementation. The terms of reference for the evaluated projects are very detailed, but the specific objectives and the expected state of the regulator at the end of the assistance are not well defined. *Efficiency* has been improved by the use of direct agreements to contract assistance to the regulator and the recruitment of a specialist task manager at the European Commission Delegation in Sofia.

Assistance to the regulator is likely to be *effective* in meeting some technical objectives, but not others as the activities detailed in the terms of reference for BG-0009.02 *Institution Building of the Nuclear Regulation Agency – Support to Licensing activity related to the Decommissioning of Kozloduy Units 1 & 2* will take several years to complete and cannot, thus, be completed under a single project. The volume of assistance and limited staffing of the regulator raises questions regarding the likely *effectiveness* of capacity building and know-how transfer to this organisation. The assistance the Kozloduy Nuclear Power Plant in establishing a Severe Accident Management Guideline is expected to be *effective*.

The evaluated projects are expected to have a positive *impact* on nuclear safety in Bulgaria. In the case of the assistance to the regulator, the evaluation considers that this will be more as a direct result of the technical work undertaken by international contractors, rather than the work of the regulator or its technical safety organisations.

The *sustainability* of knowledge transfer to the regulator is expected to be limited. The outputs of the assistance to the Kozloduy Nuclear Power Plant are likely to be *sustained*, especially with the foreseen future training assistance.

Recommendations

- The Nuclear Regulatory Agency should develop a list of documents to be submitted to it by the Kozloduy Nuclear Power Plant in respect of the activities planned under BG-0009.02, along with realistic deadlines for submission so that the Agency and the contractors can plan efficient resource allocation for future assistance.
- The Nuclear Regulatory Agency should ensure that the contractors for the 2001 programmes and onwards identify in their proposal or inception report what the NRA should be capable of at the end of the assistance

¹⁰ CONCERTation on European Regulatory Tasks, a body of Western European, Central European and FSU regulators created in 1992.

Sector Sheet

| Nuclear Safety | | | |
|-----------------------|-------------|---|--------------------|
| Number | Type | Programme/ project title | Beneficiary |
| <i>BG-0009.01</i> | | Contribution to EBRD managed Kozloduy International Decommissioning Support Fund | KIDSF |
| <i>BG-0009.02</i> | TA | Institution Building of the Nuclear Regulation Agency – Support to Licensing activity related to the Decommissioning of Kozloduy Units 1 & 2 | NRA |
| <i>BG-0110.01</i> | TA | Phenomena investigation and development of Severe Accident Management Guideline | KNPP |
| <i>BG-0110.02</i> | TA | Enhancement of safety assessment capabilities available to the Bulgarian nuclear safety authority (NRA) | NRA |
| <i>632.01.01</i> | INV, TA | Supply of equipment for characterisation of institutional radioactive waste and development of technical design for waste processing and storage facility | INRNE |
| <i>632.01.02</i> | TA | Assistance to regulatory activities of the Nuclear Regulatory Agency with regard to improving management of high activity sealed radioactive sources | NRA |

NRA – Nuclear Regulatory Agency, KNPP – Kozloduy Nuclear Power Plant, INRENE – Institute for Nuclear Research and Nuclear Energy

INV – Investment, TA – Technical Assistance

On 31 December 2002, Units 1 & 2 of the Kozloduy Nuclear Power Plant were closed and defueled, thereby fulfilling the first part of an agreement signed with the European Union in 1999 to close Units 1 & 2 which also includes the making safe and closing Units 3 & 4 and upgrading of Units 5 & 6. A Decommissioning Plan has been prepared under EC financing that provides an outline of the series of tasks that have to be completed in the coming years prior to the decommissioning of Units 1 & 2 and their safe enclosure until eventual dismantling.

The European Commission is providing multi-annual financial assistance for the decommissioning of Units 1 & 2, which is channelled through the EBRD. M€25 is included under the Phare 2000 programme.

With the introduction of the Law for the Safe Use of Nuclear Power, the Nuclear Regulatory Agency was formed in July 2002, from the existing regulator, the Committee for the Use of Atomic Energy for Peaceful Purposes. This institution, which is responsible for the supervision and licensing in all areas of the use of nuclear resources in Bulgaria, will have a significant role in the decommissioning process. Along with its advisory Technical Safety Organisations, it therefore requires support to ensure that best western practice is used by operating plants and their contractors.

The disposal of waste at the Novi Han Repository was suspended in 1994. A series of European Commission and International Atomic Energy Agency financed studies since then have identified the tasks needed to ensure that the facility meets western standards. Although the Government of Bulgaria has established a fund for the financing of these essential investments, this is insufficient and further support from the European Commission is required. There are an estimated 400 entities using 5000 sealed radioactive sources in Bulgaria in a wide range of equipment. At the end of their functional life, these radioactive sources have to be treated as radioactive waste. Therefore legislation, registries, and management systems are needed to identify where they are and to whom they belong.

*Abstract of IE Report R/BG/EC-DEV/03001, 16 May 2003, EMS Bulgaria
(cut-off date: 17 March 2003)*

Scope of the evaluation

This interim evaluation covers twelve economic development projects with a total allocation of M € 69.49 of which M € 46.7 is from Phare and M € 22.79 is from Bulgarian sources. The interim evaluation was conducted during February and March 2003 and reflects the situation at 17 March 2003.

Key achievements, findings and recommendations

The seven small and medium enterprise (SME) support and tourism projects, which account for 81% of the evaluated projects, are *relevant* to Government policy and to SME development in general. However, they do not address clearly identified needs, they are not part of a coherent strategy, they are overcomplicated, and they are significantly beyond the capacity of the Ministry of Economy and the Ministry of Regional Development and Public Works lack the capacity to manage them.

The seven SME support and tourism projects have not been *efficiently* managed. The Ministry of Regional Development and Public Works has replaced its Phare team for the second time during the administration of the present Government. This has been done at a critical time for the implementation of these projects, several of which are significantly delayed. The design of several projects has recently been modified but the opportunity was not taken to address the real design issues, and in some cases design is now more complicated than before. Co-ordination within this sector is non-existent.

Because of their poor design and the lack of project management capacity, the seven SME support and tourism projects are unlikely to be *effective*. There are also doubts about the effectiveness of twinning assistance to the Ministry of Economy, as it is not clear that the Ministry is committed to the key restructuring recommendations put forward by the German twinning team.

The evaluated assistance is unlikely to have discernable positive *impact*. If implementation of the evaluated SME support and tourism projects proceeds without significant adjustment to the design, timing, and management of the projects, and the overall strategy, there may be a significant negative *impact*. There is unlikely to be significant impact from the assistance to the Ministry of Economy due to the apparent lack of commitment of the Ministry to implement key restructuring changes put forward by the German twinning team.

Institution building projects for the Bulgarian Trade Promotion Agency and the Consumers and Trade Protection Commission have not yet started. The Bulgarian Post Privatisation Fund is to be liquidated and much of the funds allocated under BG-0101.02 will therefore not be disbursed.

Recommendations

- The Ministry of Economy should formally inform the European Commission Delegation whether or not it plans to implement the restructuring recommendations made to it by the German twinning partners.
- The European Commission Delegation should request the cancellation of BG-0102.01 SME Technology Services and Grant Scheme and BG-0102.02 Hi-Technology Business Incubators.
- The Minister of Regional Development and Public Works should convene a technical review panel comprising of stakeholders and experts. This panel should recommend corrective actions to address the design weaknesses of the remaining SME support and tourism projects, and the lack of overall coherence, strategy, and sustainability.

Sector Sheet

| Number | Type of assistance | Programme/ project title | Implementing authority |
|-----------------------------|--------------------|---|------------------------|
| Institution Building | | | |
| BG-0002.01 | TWIN | Strengthening the Capacity of the Ministry of Economy | MoE |
| BG-0201.01 | TWIN | Strengthening of the Bulgarian Trade Promotion Agency | BTPA |
| BG-0201.09 | TWIN | Enhancement of Consumer and Health Protection | MoE, CTPC |
| SME Support | | | |
| BG-0004.01 | TA/GR | Grant Scheme for Introduction of Quality Management System (Quality Management, Equipment and Training) | MoE |
| BG-0004.02 | TA/INV/TA | Investment in SME Business Incubators in Areas of Industrial Decline | MoE |
| BG-0102.01 | TA/INV/GR | SME Service and Technology Grant Scheme | MoE |
| BG-0102.02 | TA/INV/GR | Hi-Technology Business Incubators | MoE |
| Investment | | | |
| BG-0002.02 | TA | Further Support to the Post-Privatisation Fund | BPPF |
| BG-0101.02 | TA | Further Support to the Post-Privatisation Fund | BPPF |
| Tourism | | | |
| BG-0102.03 | GR/TA | Development of the Bulgarian Cultural Tourism | MoE |
| BG-0102.04 | TA/INV | Roads Access to Tourism Sites | MRDPW |
| BG-0202.02 | GR/TA | Development of Bulgarian Eco-tourism | MoE |

TA – Technical Assistance; GR – Grant Scheme; INV – Investment; TWIN – Twinning;
 BPPF – Bulgarian Post Privatisation Fund; BTPA – Bulgarian Trade Promotion Agency; CPC – Consumers and Trade Protection Commission, MoE – Ministry of Economy; MRDPW - Ministry of Regional Development and Public Works.

The European Commission's 2002 Regular Report on Bulgaria's progress towards accession concluded that the country has a "*functioning market economy*" which is one of the key criteria for future European Union membership. However, there are several areas of the economy that need further strengthening so as to achieve sustained economic growth and to become competitive in European Union markets.

The evaluated projects provide institution building support to the Ministry of Economy, the Bulgarian Trade Promotion Agency, and the Consumers and Trade Protection Commission. These institutions play a significant role in the sector and their organisation and capacity, and the co-ordination between them, should meet European standards.

The evaluated projects are intended to assist the development of SMEs in Bulgaria, which represent approximately 99 % of all Bulgarian enterprises.¹¹ The Government has declared its commitment to help foster their development. The Government's 2001 Programme "People are the Wealth of Bulgaria" states: "*The development of the small and medium-sized enterprises, which are the biggest employer and the biggest investor in Bulgaria, will be promoted in every possible way*". The evaluated assistance mainly addresses start-ups, export development, research oriented small and medium enterprises, and hi-technology small and medium enterprises.

The lack of risk capital is considered to be one of the major problems facing Bulgarian. Two projects provide funds to the Bulgarian Post Privatisation Fund to cover pre- and post-investment technical assistance.

Three projects are intended to provide assistance for the development of Bulgarian tourism. This assistance is in line with the Government's stated aim: "*Apart from the legislative measures of the Government to encourage the sustainable development of tourism in the country, the third emphasis in the Government's Programme in this area is placed on the policy to improve the business climate in Bulgaria, develop the country's infrastructure, protect the environment and increase the overall security as important factors in the efforts to develop Bulgaria as an attractive tourist destination*".

¹¹ Source: The web site of the Agency for Small and Medium Enterprises (www.asme.bg).

*Abstract of IE Report BG/ENV/03003, 27 May 2003, EMS Bulgaria
(cut-off date: 25 March 2003)*

Scope of the evaluation

This interim evaluation covers eleven main environment projects and their sub-components (altogether 27 project components) with a total allocation of M € 20.475 of which M € 15.950 is from Phare and M € 4.525 is from Bulgarian sources. The interim evaluation was conducted during March 2003 and reflects the situation at 25 March 2003.

Key achievements, findings and recommendations

The institution building twinning projects are *relevant*. They provide assistance with legislation harmonisation and enforcement and they are in line with the priorities set out in the National Programme for the Adoption of the *Acquis*. Two of the projects are a logical continuation of Phare 1999 assistance. Cross-border cooperation projects are also *relevant* as they aim to provide assistance to prevent trans-border air, water, and radiation pollution, all of which are potential areas for disagreement with neighbouring countries.

Evaluated projects have generally been *efficiently* managed, with some exceptions. Cooperation has been good between experts in key Bulgaria institutions and between Bulgarian and foreign experts. However, there is still a lack of effective cooperation between the Ministry of Environment and Water, and the Ministry of Regional Development and Public Works in the area of strategy development and programming. The management of the campaigns to publicise new legislation should have been better. Ecoengineering, the beneficiary of uranium mine remediation projects lacks a full-time Phare project manager.

Assistance in the area of legislation harmonisation and enforcement is expected to be *effective*. The public awareness campaigns, however, will not achieve all of their envisaged objectives. The two projects relating to the rescue centres for flora and fauna will not meet all of their objectives. Cross-border projects are likely to be *effective* in the area of air pollution and radiation monitoring, but possibly less so in the areas of uranium mine remediation and water pollution.

The twinning projects are expected to make a solid contribution to the long-term objectives of adopting and enforcing EU environmental legislation. However, the *impact* of these projects is modest, relative to what still needs to be done. The cross-border projects should help to mitigate potential causes of disagreement between Bulgaria and Greece, and Bulgaria and Romania, by reducing trans-border air and water pollution but there is a risk that the three planned waste water treatment plants in southern Bulgaria will not be constructed and this will obviously limit the overall impact of the evaluated projects.

The *sustainability* of legislation harmonisation and enforcement activities is good. The necessary structures have been established and recruitment of new staff is in progress. While the cross-border air pollution monitoring activities are likely to be *sustained*, it appears that Ecoengineering lacks funds to maintain radiation monitoring equipment. There will be no *sustainability* in the case of the three planned waste water treatment plants in southern Bulgaria if, as seem likely, the project is not contracted. If these plants are constructed, there is no reason to believe that they will not be maintained.

Main Recommendations

- There is a lack of a strategic approach in Phare cross-border cooperation environment programming. The Ministry of Environment and Water should develop a Phare cross-border co-operation programming strategy in environment until 2006/2007.
- The Ministry of Environment and Waters and the Ministry of Health should reassess the need for public awareness campaigns in the different sub-sectors and ensure funds to contract and implement the most urgent of the campaigns.

Sector Sheet

| Environment | | | |
|--|-----------------------|--|--------------------|
| Number | Type of assistance | Programme/ project title | Implementing body |
| Institution Strengthening Twinning Projects¹² | | | |
| BG-0003.06.01 | TWIN/TA | IS at national and regional level for implementation of drinking water, fish water and shellfish water, bathing water and dangerous substances discharge directives. | MoEW, MoH |
| BG-0003.06.02 | TWIN/ PROC/ INF | IS for implementation of EU regulations on trade in species of wild flora and fauna. | MoEW |
| BG-0003.06.03 | TWIN/TA | Transposition and basic practical application of regulations related to the law on protection from the harmful impact of chemical substances and preparations. | MoEW |
| BG-0003.06.04 | TWIN/ PROC/TA | Training and application of the IPPC directive on regional level. | MoEW, EEA, RIEW |
| BG-0003.06.05 | TWIN/ PROC/TA | Radiation protection and safety at medical use of ionising radiation. | NCRRP, MoH |
| Cross Border Cooperation Projects with Romania and Greece | | | |
| BG-9916.02.01 | PROC | Joint air quality monitoring system of the Romanian-Bulgarian boundary towns on lower Danube. | MoEW |
| BG-0106.04 | TA | Remediation programme for the uranium mines in southern Bulgaria. | Ecoengineering |
| BG-0106.05 | TA/SERV/ PROC | Regional monitoring network for radioecological monitoring in the southern Bulgaria. | Ecoengineering |
| BG-0106.06 | SERV/INF | Construction of WWTP in Madan, Rudozem and Zlatograd. | MoEW |
| BG-0107.03 | TA/PROC | Integrated monitoring of the Black Sea. | MoEW |
| BG-0107.04 | TA | Preparation of future environment projects. | MoEW, RIEW |

EEA – Executive Environment Agency, EU – European Union, INF – Infrastructure, IPPC – Integrated Pollution Prevention and Control, IS – Institutional Strengthening, MoEW – Ministry of Environment and Water, MoH – Ministry of Health, MRDPW – Ministry of Regional Development and Public Works, NCRRP – National Centre of Radiobiology and Radiation Protection, PROC-Procurement, RIEW – Regional Inspectorates of Environment and Water, SERV-Services, TA-Technical Assistance, TWIN-Twinning, WWTP – Waste Water Treatment Plant.

The National Strategy for Environment and Action Plan 2000-2006, and the Government Strategy for Environment are the main strategic documents in the environment sector. These documents are supported by sectoral programmes for some of the sub-sectors. Chapter 22 of the National Programme for the Adoption of the Acquis outlines the priority measures for harmonisation of the Bulgarian environmental legislation with that of the European Union.

Evaluated Phare projects provide support in two major areas: (1) transposition and enforcement of legislation in water, trade in species of wild flora and fauna, dangerous chemicals, Integrated Pollution Prevention and Control and ionising radiation at medical use sub-sectors and (2) technical assistance, preparation of future projects, supply of equipment and infrastructure construction under Phare Cross-Border Cooperation programme with Romania and Greece.

Some of the Phare Cross-Border Cooperation projects correspond to sectoral strategies and programmes such as the National Programme for Priority Construction of Waste Water Treatment Plants (BG-0106.06). Evaluated uranium mines projects complement the Government programme for the remediation of the consequences of past uranium mining activities. BG-0003.06.01, BG-0003.06.02, BG-0106.06, and BG-0107.03 will also help Bulgaria to comply better with several international agreements and conventions, to which it is a signatory¹³.

¹² Twinning partners are - Germany (German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety), France (Ministry of Spatial Planning and the Environment), and Austria (Federal Ministry of Agriculture, Forestry, Environment and Water Management).

¹³ CITES convention, Black Sea Convention, Convention for Protection of the Trans-boundary Rivers and Lakes

*Abstract of IE Report BG/TRA/03005, 20 August 2003, EMS Bulgaria
(cut-off date: 10 June 2003)*

Scope of the evaluation

This interim evaluation is divided into two clusters – Cross Border Co-operation projects, mainly road construction and renovation, and Institution Building projects for the Bulgarian State Railways, the Maritime Administration, and the management of Sofia Airport. The 2002 Cross Border Co-operation (CBC) programme is included in the evaluation, but projects are not rated as the financing memorandum has not been signed yet. The total value of the projects is M€139.373 of which M€108.383 (78%) is funded by the Phare programme and M€30.990 (22%) by the Bulgarian administration.

Key achievements, findings and recommendations

Projects in the sector are largely *relevant* to the needs of the beneficiaries, although BG-0002.03 *Railway Industry Restructuring* would have been more *relevant* if it had been in place earlier and as part of a longer term assistance programme. BG-0007.01 *Winter Camp on the Danube* does not appear to be *relevant* for the Cross-Border Co-operation programme, as it has no cross border effects.

Although administration staff numbers have been stable until recently, management of infrastructure projects continues to be *inefficient* due to insufficient, appropriately experienced staff. Institutional conflicts over the role of the Employer under FIDIC hamper efficient project management. Management of institution building projects has been efficient with the exception of the *Vessel Traffic Management Information System* under BG-0012.01, which has been delayed by both Phare and co-financed elements.

Road projects contracted under FIDIC are expected to be *effective* in improving the quality of the E79 and E80/85 roads, when construction and defects are completed. The upgrading of the Road II-19 to Sadovo will provide no benefit until the border is opened in 2005. The winter camp on the Danube will not be as *effective* as initially expected if the government does not complete the third and final stage. The high level of the steering committee will contribute to the *effectiveness* of BG-0002.03 *Railway Industry Restructuring*, but without further assistance it is questionable whether the beneficiary will be able to implement it. Assistance to the Maritime Administration is expected to be *effective*, if co-financing and staffing are increased. Management support to Sofia Airport has been *highly effective* in increasing operational and financial performance in the face of the collapse of the national carrier and transferral of landing fees to the Civil Aviation Authority.

The *impact* of the road construction projects, when all links are completed in several years' time will be to make the tourist areas in the border regions of southern Bulgaria more accessible, both from northern Greece, and from other parts of Bulgaria. The *impact* of assistance to the Maritime Administration will be limited by the continuing state ownership of the ageing merchant fleet and the lack of funds to invest in new vessels and repair existing vessels. The *Vessel Traffic Management Information System* should eventually result in more efficient vessel management but completion of the system will take several years. There is unlikely to be significant *impact* from the railway restructuring assistance.

The benefits of CBC works projects are expected to be *sustained* given sufficient maintenance budgets, which is an issue in the road sector, but could be covered by user fees for the winter camp on the Danube (BG-0007.01). Sustainability in the maritime sector is threatened by insufficient staff and co-financing.

Recommendations

- The Ministry of Regional Development and Public Works
 - should prepare and submit to the EC Delegation an assessment of the level of ineligible expenditure incurred under BG-9904.04.01 in preparation for reimbursement to the European Commission.
- The Roads Executive Agency Project Implementation Unit should:
 - review and act on the recommendations given in the last interim evaluation report;
 - identify resources to recruit an advisor on FIDIC contracts.
- The Maritime Administration should:
 - ensure the recruitment of sufficient staff for the *Vessel Traffic Management Information System*;
 - provide the EC Delegation with clarification on the delivery of co-financing.
- The Ministry of Transport and Communications should:
 - Prepare a needs assessment for replacement vessels for maritime safety;
 - Identify sources of financing to enable the extension of assistance to the management of Sofia Airport.

Sector Sheet

| Transport | | | |
|-------------------|--------|---|---------------|
| Number | Type | Programme/ project title | Beneficiary |
| BG-9402.01.02.005 | TA | Supervision of Southern Roads Rehabilitation Programme | REA PIU |
| BG-9904.01.01.03 | | | |
| BG-9803.01 | INV | Southern Roads Rehabilitation Programme | REA PIU |
| BG-9808.01 | TA/INV | Sofia Airport | SA |
| BG-9904.04.01 | TA | E79 Struma and Lyulin Motorway | REA PIU |
| BG-0007.01.02 | INV | Winter Camp on the Danube | ASMD |
| BG-0002.03 | TA | Bulgarian State Railways Restructuring | SRIC/EAR A |
| BG-0008.01 | INV | Podkova – Makaza Access Road | REA PIU |
| BG-0008.02 | INV | Cut and Cover Tunnel at Ilinden | REA PIU |
| BG-0012.01 | INV | Vessel Traffic Management Information System | MA |
| BG-0101.07 | TA | Maritime Safety Twinning | MA |
| BG-0107.02 | INV | Rehabilitation of the II-29 | REA PIU |
| 2002/000-623-02* | INV | Rehabilitation and partial reconstruction of road II-15, section Mizia – Oriahovo (Bulgaria/Romania Border) | REA PIU |
| 2002/000-624-01* | INV | Rehabilitation and Partial Reconstruction of Road II-19 Razlog – Bansko – Gotse Delchev – Sadovo | REA PIU |
| 2002/000-624-02* | INV | Construction of Second tube of the Tunnel at km 327 on road E-79 (Dupnitsa By-Pass) | REA PIU |

INV – Investment, TA – Technical Assistance, REA PIU – Roads Executive Agency Project Implementation Unit, SA – Sofia Airport, ASMD - Agency for Exploration and Maintenance of the Danube River, SRIC – State Railway Infrastructure Company, EARA – Executive Agency Railway Administration, MA – Maritime Administration.

*: The Financing Memorandum is not signed

Bulgaria, supported by the European Commission and other donors, is engaged in a programme of rehabilitation and construction of roads in the border areas both to enhance access from outside, and to encourage the creation of links across the border. As well as strengthening the five Trans European Networks that run through the country, this acknowledges both the traditional isolation of border areas and also anticipates the arrival of the Single Market and the elimination of administrative national boundaries.

There is insufficient safe anchorage of river vessels in the lower Danube, especially during periods of high water in winter. Vessels currently congest Rousse port or moor along the river bank, which is both unsafe and inconveniences other commercial users of the river. The construction of a winter camp will provide moorings for up to 39 vessels.

Sofia Airport terminal and airstrip is being rebuilt. The Phare programme is supporting the design and supervision of construction and also the enhancement of management capabilities to ensure that the facilities will function to international standards.

The national railway company BDŽ, was divided into infrastructure and operating companies in accordance with the objectives of the Directive 91/440/EC at the beginning of 2002. The industry regulator, the Executive Agency of Railway Administration, was established in July 2001. The European Commission aims to strengthen both these organisations through the creation of a 10 year strategy.

There is a significant volume of the acquis dedicated to maritime safety and a number of international agreements and conventions to which Bulgaria must become a member on joining the Union. In addition, the management of vessels in Bulgarian waters and ports and fulfilling responsibilities in maritime safety requires a modern information system for vessel identification and tracking. Both the transposition of legislation and installation of the Vessel Traffic Management Information System is supported by the Phare programme.

*Abstract of IE Report BG/SOC/03004, 04 September 2003, EMS Bulgaria
(cut-off date: 27 June 2003)*

Scope of the evaluation

This interim evaluation covers nine social development projects with a total allocation of M € 53.295 of which M € 43.913 is from Phare and M € 9.382 is from Bulgarian sources. The interim evaluation was conducted during May and June 2003 and reflects the situation at 27 June 2003.

Key achievements, findings and recommendations

The evaluated projects are generally *relevant* to the National Programme for the Adoption of the *Acquis*, and to the Accession Partnership. However, the volume and complexity of the evaluated grant schemes are beyond the capacities of the Ministry of Regional Development and Public Works and the Ministry of Labour and Social Policy to implement them effectively. Certain elements of BG-0102.06 *Social Inclusion* are not in line with current international thinking on social inclusion. The design of BG-0004.03 *Vocational Training* did not take account of imminent changes in legislation relating to state-funded bodies.

Projects have been *inefficiently* managed and this is largely the result of recent changes in Phare staff at both Ministries, which resulted in delays and a loss of institutional capacity and memory. In particular, problems that occurred during the implementation of an earlier grant scheme under BG-9915.01 *Steel and Mining Areas Employment Project (SMAEP)* have reoccurred during the implementation of BG-0004.03.

The potential *effectiveness* of vocational training and employment promotion projects is likely to be limited by the limited capacity of the Ministry of Labour and Social Policy and particularly the Ministry of Regional Development and Public Works. Institution building projects are also likely to be sub-optimally *effective*. It is clear from the difficulties encountered with the implementation of BG-0004.03 that lessons have not been learned or disseminated from the implementation of BG-9915.01. Recent late changes in child welfare legislation and late contracting have delayed the effectiveness of BG-0005.04 *Child Welfare Reform*.

Vocational training and employment promotion projects are likely to have a positive *impact* on unemployment reduction. However, BG-0004.03 has been so problematic for grant holders that it could have a negative *impact*, at least in the short-term, and the separation of vulnerable groups in special centres under BG-0102.06 could negatively affect the intended inclusion of those groups into society. Positive *impact* on institutional capacity to manage grant schemes is likely to be limited due the instability of the two relevant Ministries. Out of date child welfare structures continue to exist alongside newly created support mechanisms, which threatens to limit the impact of BG-0005.04.

Overall, *sustainability* is weak. The two key Ministries in this sector lack stability; design issues threaten the sustainability of certain grant scheme outputs, and there is a lack of involvement of senior political decision-makers of all relevant line ministries in the child welfare sphere. There is a continuing heavy reliance on Phare-funded contractors.

Recommendations

- The Ministry of Regional Development and Public Works should assign one additional, full-time local expert to the Economic and Social Cohesion Department to assist with the management of grant schemes.
- The Central Finance and Contracts Unit should request an extension of BG-0005.04 *Child Welfare Reform*.
- The Ministry of Regional Development and Public Works should produce guidelines on Value Added Tax issues that cause problems for beneficiaries of Phare grant schemes.

Sector Sheet: Social Development

| Number | Type of assistance | Programme/ project title | Implementing Body | Contracting Authority |
|--|------------------------|--|--------------------|-----------------------|
| Vocational training and Employment promotion | | | | |
| BG-0004.03 | SR&TA/IB, GR/INV | Vocational Training | MLSP | MRDPW |
| BG-0004.04 | SR&TA/IB, WK&SU/INV | Renovating Vocational Training Institutes | MES | MRDPW |
| BG-0102.05 | TA&SR/IB, GR&WK&SU/INV | Labour Market Initiatives | MLSP & MES | MRDPW |
| BG-0102.06 | TA&SR/IB, GR&WK&SU/INV | Social Inclusion | MLSP | MRDPW |
| BG-0202.01 | TA&SR/IB, GR/INV | Clearing the Path to Employment for Youths | MLSP | MLSP |
| BG-0202.03 | TA/IB, WK&SU&GR/INV | Life Long Learning and Vocational Education and Training | MES | MLSP |
| Institution building | | | | |
| BG-9915.01 | TA/IB, GR/INV | Steel and Mining Areas Employment project (SMAEP) | MLSP | MLSP |
| BG-0005.04 | TA&TW/IB, SU&SR/INV | Child Welfare Reform | SACP, MLSP, & ASA | CFCU |
| BG-0102.07 | TW/IB, SR&SU/INV | Preparing for future European Social Fund (ESF)-type programmes | MLSP | CFCU |
| Civil Society Development sub-sector – not covered by this report | | | | |
| BG-9907 | SR&WK/INV | Promotion the Integration of Roma | NCEDI | CFCU |
| BG-0010 | TA&GR/IB | Access 2000 | BFI Consortium | CFCU |
| BG-0104.01 | TA&TL/IB, SU&SR/INV | Roma Population Integration | MES, NCEDI | CFCU |
| BG-0104.02 | TA/IB, SU&WK/INV | Ensuring Minority Access to Health Care | MH | CFCU |
| BG-0104.03 | TA&GR/IB | Civil Society Development | NGO | CFCU |
| BG-0104.04 | TA&SR/IB | Professional Standards in Journalism | European Institute | CFCU |
| BG-0204.01 | TA/IB, WK&SR/INV | Urbanisation and Social Development of Areas with Disadvantaged Minority Populations | NCEDI | CFCU |
| BG-0204.02 | TA&GR/IB | Civil Society Development | NGO | CFCU |

ASA – Agency for Social Assistance, CFCU – Central Finance and Contracting Unit at the Ministry of Finance, GR - Grants, IB – Institution building, INV - Investment, MES - Ministry of Education and Science, MH – Ministry of Health, MLSP - Ministry of Labour and Social Policy, MRDPW – Ministry of Regional Development and Public Works, NCEDI – National Council on Ethnic and Demographic Issues, NGO – Non-government Organisation, SACP - State Agency for Child Protection, SR - Services, SU - Supplies, TA – Technical assistance, TL – Twinning light, TW - Twinning, WK – Works

The evaluated Phare projects in the Social Development sector cover vocational training and education aimed at alleviating the social exclusion of vulnerable groups through entrepreneurship and employment initiatives, and by improving the mobility and adaptability of the labour force. The institution building elements of the assistance have two general aims: (a) to develop capacity to implement child protection policy at a national (State Agency for Child Protection) and regional level (regional structures of the Agency for Social Assistance); (b) to develop capacity to implement future European Social Fund – type programmes (Ministry of Labour and Social Policy, Executive Agency for Employment and Ministry of Education and Science).

The evaluated projects contribute to the realisation of a number of the priorities outlined in the Government programme *People are the wealth of Bulgaria*, which was adopted in October 2001. They correspond to key priorities of the *National Economic Development Plan of the Republic of Bulgaria over the 2000-2006 Period*, which was revised in January 2003. The projects are in line with the political criteria of the Accession Partnership and with chapters two, 13, 18, and 21 of the National Programme for the Adoption of the *Acquis* of 2002, which cover respectively the Free Movement of Persons, Social Policy and Employment, Education and Training, and Regional Policy and Co-ordination.

*Abstract of IE Report BG/REG/03076, 22 August 2003, EMS Bulgaria
(cut-off date: 04 July 2003)*

Scope of the evaluation

This interim evaluation covers 14 regional development and cross-border co-operation projects with a total allocation of M€28.639 of which M€20.464 is from Phare and M€8.175 is from Bulgarian sources. The interim evaluation was conducted during June-July 2003 and reflects the situation at 04 July 2003. The projects evaluated fall into three groups: (1) Joint Small Project Fund projects with Romania (BG-0007.04.01, BG-0107.05, 2002/000.623.04) and Greece (BG-0106.07, 2002/000.624.05), (2) the construction of three new border crossing check points (BG-0106.01, BG-0107.01 and 2002/000-623-01) and the development of three existing check points (BG-0106.02), and (3) technical assistance to the Ministry of Regional Development and Public Works (BG-9904.04.03.01, BG-9916.03.01, BG-0008.01.01.05, 2002/000-623-05 and 2002/000-624-06).

Key achievements, findings and recommendations

The evaluated projects in this sector are generally *relevant*, although investment in new border crossing check points on the Greek border are becoming less so as Bulgaria's accession to the European Union approaches.

Projects have not been *efficiently* managed and this is directly related to the continuing instability of key Phare structures within the Ministry of Regional Development and Public Works.

Joint Small Project Fund projects are likely to be *effective* in disbursing grants to local, non-profit organisations in the border regions but they will not be *effective* in developing significant sustainable capacity to manage Structural Fund-type projects at the central or regional levels. With the exception of the border crossing check-point at Makaza (BG-0106.01), which, in view of its decreasing relevance, has been cancelled and the funds reallocated, other projects in this group should generally achieve their immediate objectives. Technical assistance to the Ministry has been partially *effective*.

The *impact* of Joint Small Project Fund projects with Romania and Greece should be visible in terms of improved cross-border linkages at the local level. Support to border crossing check points should ultimately result in shorter journey distances and reduced waiting times at borders but the full *impact* of Phare-funded check points on the Danube will only be realised if the Government fulfils its commitment to construct new ferry terminals. The positive *impact* of technical assistance to the Ministry should be evident in the programming of cross-border co-operation projects for the coming years but one FIDIC-related technical assistance project (BG-0008.01.01.05) is not expected to have positive *impact* as it is inefficiently managed.

Overall, *sustainability* is weak. The Joint Small Project Fund projects have stimulated local interest in Structural Fund-type projects in the border regions but they have not been able to deliver *sustainable* improvements in the capacity to plan and manage such projects at the central or local levels. Some of the functions of the border crossing check points on the border with Greece will be phased out when Bulgaria joins the European Union and this limits their sustainability, although this will not be the case for planned check points on the Danube, which will continue to function as points of entry into the Union. The benefits of technical assistance to the Ministry are *sustainable* with respect to programming, where the outputs have been well utilised. The *sustainability* of benefits in the areas of project planning and management are limited by the continuing instability within key Phare structures at the Ministry and the consequent lack of institutional memory and management and absorption capacity.

Recommendations

- The Cross-Border Co-operation Department at the Ministry of Regional Development and Public Works should decentralise as many of the activities in the implementation of Joint Small Project Fund projects as possible.
- The Ministry should analyse the management and implementation of the first Joint Small Project Fund projects with Romania and Greece and use the results of the analysis to improve the management and implementation of the follow-on projects.
- The Cross-Border Co-operation Department at the Ministry should develop a plan of formal know-how transfer activities for BG-0008.01.01.05 that addresses the needs of all beneficiaries. The timing and purpose of the inputs of the contractor's experts should be specified.

Sector Sheet

| Regional Development/Cross-Border Cooperation | | | |
|---|---------------------------|--|--------------------------------------|
| Number | Type of assistance | Programme/ project title | Implementing body |
| Joint Small Projects Fund Projects with Greece and Romania | | | |
| BG-0007.04.01 | INV | Joint Small Projects Fund - Romania | MRDPW |
| BG-0106.07 | INV | Joint Small Projects Fund - Greece | MRDPW |
| BG-0107.05 | INV | Joint Small Projects Fund - Romania | MRDPW |
| 2002/000-623-04 | INV | Joint Small Projects Fund - Romania | MRDPW |
| 2002/000-624-05 | INV | Small Projects Fund - Greece | MRDPW |
| Border Crossing Check Point Projects with Greece and Romania | | | |
| BG-0106.01 | SERV/INF | Construction of a BCCP at Makaza | MRDPW |
| BG-0106.02 | TR/PROC | Supply of equipment and staff training to the BCCP in Novo Selo, Ilinden and Kulata. | MRDPW, NCA, BP, RTL, NVS, NSPP, MSES |
| BG-0107.01 | SERV/INF | Construction of a BCCP at Silistra | MRDPW |
| 2002/000-623-01 | SERV/INF | Construction of a BCCP at Nikopol | MRDPW |
| Technical Assistance and Project Preparation | | | |
| BG-9904.04.03.01 | TA | Preparation of Cross-Border Development Plan | MRDPW |
| BG-9916.03.01 | TA | Preparation of CBC Plan between Bulgaria and Romania | MRDPW |
| BG-0008.01.01.05 | TA | Technical Assistance to the CBC Department at the MRDPW | MRDPW |
| 2002/000-623-05 | PP | Project Preparation Facility for the Phare CBC Programme Bulgaria - Romania | MRDPW and line ministries |
| 2002/000-624-06 | PP | Project Preparation Facility for the Phare CBC Programme Bulgaria - Greece | MRDPW and line ministries |

The contracting authority for all projects is the Ministry of Regional Development and Public Works

INF-Infrastructure, INV-Investment, PP- Project Preparation, PROC-Procurement, SERV- Services, TR-Training

BCCP-Border Crossing Check Point, BP-Border Police, MRDPW – Ministry of Regional Development and Public Works, MSES – Mobile Sanitary and Epidemiological Service, NCA – National Customs Agency, NSPP – National Service for Plant Protection, NVS – National Veterinary Service, RTL – Road Taxes and Licenses

All of the evaluated projects are Phare Cross-Border Cooperation projects with Romania and Greece. Phare assistance is provided in three main areas: (1) soft measures represented by the Joint Small Project Funds projects, which aim to support development of local businesses and cross-border cooperation as well as development of local capacities to manage and implement projects; (2) facilitation of border crossing through construction of new check points and modernisation and staff training at existing check points; (3) technical assistance and preparation of future projects.

The projects address some of the overall objectives of the National Programme for the Adoption of the *Acquis* (Chapters 21, Regional Development, and 25, Customs Union) although they are not specifically referred in this document. They comply with the Joint Programming Documents with Romania and Greece and correspond to the priority measures outlined there. In addition the border crossing check point projects follow agreements of the mid-1990s with Romania and Greece covering the modernisation of existing check points and the opening of new check points.

The technical assistance for programming and management of projects continues to be a substantial part of Phare support in the sector. It is focussed on the preparation of new programmes, such as Joint Small Projects Fund projects, and the development of programming documents in common with neighbouring countries. It also addresses the needs for specific technical assistance otherwise not available to the beneficiaries. However, part of the Phare technical support addresses the continuing weak programming and management capacities of the beneficiary institutions.

*Abstract of IE Report R/BG/FIN/03.075, 16 September 2003, EMS Bulgaria
(cut-off date: 17 July 2003)*

Scope of the evaluation

This in-depth interim evaluation covers 14 public finance projects with a total allocation of M € 29.29 of which M € 26.22 is from Phare and M € 3.07 is from Bulgarian sources. The interim evaluation was conducted from May to July 2003 and reflects the situation at 17 July 2003. The projects evaluated fall into four groups: (1) Public Finance projects (BG-9909.02.01, BG-0006.07, BG-0103.09, BG-0101.01 and BG-0103.07), (2) Competition and State Aid (BG-0201.08, BG-0003.03), (3) Financial Control (BG-0006.01, BG-0006.02) and (4) Customs and Tax (BG-0006.03, BG-0102.03, BG-0103.05, BG-0203.08 and BG-0203.09)

Key achievements, findings and recommendations

Projects are generally *relevant* to beneficiary needs, although in a number of cases design has not been sufficiently or speedily amended to reflect changes in the structure of the administration.

The *efficiency* of project implementation has been impacted by delays to preparatory projects and constrained administrative capacity in some areas, although good progress has been made in others.

Overall, *effectiveness* in the sector should be reasonable despite the fact that some projects are unlikely to fully achieve their objectives, notably in ensuring the efficient operation of the Central Finance and Contracts Unit, strengthening competition policy, and strengthening the capacity of the Bulgarian National Bank. Phare support in this sector has so far been most *effective* in restructuring the Ministry of Finance and strengthening the control of public finances.

The medium to long-term *impact* of Phare support in this sector should be significant, bearing in mind that it addresses areas that are vital for Bulgaria's accession to the European Union.

The *sustainability* of results is expected to be varied. It is likely to be good in areas where the beneficiaries have shown strong commitment to project objectives, such as the implementation of the Ministry of Finance's Medium-Term Strategy, and the strengthening of financial control functions.

Recommendations

- The Director of the Central Finance and Contracts Unit should seek clarification of whether or not the informal offer made by the Deputy Programme Authorising Officer in March 2003 to employ the Phare-funded experts at the Unit as civil servants is to be implemented.
- The Financial Investigation Agency should ensure that memoranda of understanding are promptly signed with other institutions involved in BG-0103.07 *Combating Money Laundering* in order to ensure the success of the project.
- Future projects assisting the Public Internal Financial Control Agency that involve the production of a significant amount of technical material should have a quality review component in order to ensure quality and the relevance of such materials to changing EU legislation.

The following recommendation from the previous interim evaluation remains valid:

- In order to save the benefits of four years [now five years] of continuous Phare assistance to the Central Finance and Contracts Unit, and to ensure continuing good management of European Union funds, the Ministry of Finance should develop a medium term strategy that will provide clear proposals for the future role of the Unit for the years beyond 2003.

Sector Sheet

| Number | Type of assistance | Programme/ project title | Implementing body |
|----------------------------------|--------------------|--|-------------------|
| Public Finance | | | |
| BG-9909.02.01 | TA | Support to the Implementation of the Medium-Term Strategy | MoF |
| BG-0006.07 | TA | CFCU Capacity Building | MoF (CFCU) |
| BG-0103.09 | TA; INV | Improving the Management of EU Funds | MoF (NF) |
| BG-0101.01 | TWIN; INV | Strengthening the Institutional Capacity of the Central Bank | BNB |
| BG-0103.07 | TWIN | Combating Money Laundering | MoF (FIA) |
| Competition and State Aid | | | |
| BG-0201.08 | TWIN; INV | Strengthening the Competition Policy | MoF (SAD), CPC |
| BG-0003.03 | TWIN | Support to the reform of the Public Procurement System | CoM (PPD) |
| Financial Control | | | |
| BG-0006.01 | TWIN | Strengthening Public Internal Financial Control | MoF (PIFCA) |
| BG-0006.02 | TWIN | Strengthening the Independent Public External Audit | NAO |
| Customs and Taxation | | | |
| BG-0006.03 | TWIN | Reform and Modernisation of the Tax Administration | MoF (GTD) |
| BG-0203.13 | TA, INV | Development of Tax Standards and Practices | MoF (GTD) |
| BG-0103.05 | TWIN, TA | Strengthening the National Customs Agency | MoF (NCA) |
| BG-0203.08 | TA | Development of Customs Standards and Practices | MoF (NCA) |
| BG-0203.09 | TA, INV | Strengthening of Customs Border Control | MoF (NCA) |

INV – Investment; TA – Technical Assistance; TWIN – Twinning

BNB – Bulgarian National Bank; CFCU – Central Finance and Contracts Unit; CoM – Council of Ministers; CPC - Commission for Protection of Competition; FIA – Financial Intelligence Agency; GTD – General Tax Directorate; MoF - Ministry of Finance; NAO – National Audit Office; NCA – National Customs Agency; NF - National Fund; PPD – Public Procurement Directorate

The Public Finance sector includes some of the most significant negotiation chapters. In particular: Free Movement of Goods; Free Movement of Capital; Competition and State Aid; Taxation; Customs Union; Financial Control and Financial and Budgetary Provisions. Although most of the chapters have been provisionally closed there are still many outstanding requirements which have to be fulfilled before Bulgaria can become a full Member State.

The evaluated projects provide institution building support, mainly to the Ministry of Finance and its agencies, the Central Bank, the Public Procurement Directorate, and the National Audit Office. These institutions play a significant role in the sector and their organisation and capacity, and co-ordination between them, needs to be developed to meet European standards.

The evaluated projects are intended to assist with the establishment and functioning of effective anti-money laundering measures, the development of a stable banking system, the improvement of the management of EU funds and the harmonisation of public procurement, state-aid and financial control legislation. The evaluated projects also support the National Customs Agency with the reinforcement of border controls and the alignment of its procedures and standards with EU norms.

Key strategies governing the sector are the Medium-term Strategy for the Ministry of Finance; the Concept for Achievement of the Extended Decentralised Implementation System of PHARE and ISPA projects; the Business Strategy of the National Customs Administration; the IT Strategy of the National Customs Administration; the Strategy for Rationalisation of Bulgarian Customs Administration's Border Operations; and the Strategic Plan of the Bulgarian Tax Administration.

*Abstract of IE Report R/BG/PAD/03.116, 18 November 2003, EMS Bulgaria
(cut-off date: 19 September 2003)*

Scope of the evaluation

This interim evaluation covers ten public administration projects with a total allocation of M€ 38.570 of which M€ 19.380 is from Phare and M€ 19.190 is from Bulgarian sources. The interim evaluation was conducted between August and September 2003 and reflects the situation at 19 September 2003. For the purposes of this interim evaluation, projects are grouped into the following two clusters according to their overall objectives: 1) public administration projects, and 2) statistics, conformity assessment system, and consumer protection projects.

Key achievements, findings and recommendations

The evaluated projects are *relevant*. The four public administration projects aim to assist with the stabilisation and professionalisation of the Bulgarian civil service, which is vital for Bulgaria to cope satisfactorily with the administrative burden and responsibility of EU membership from 2007 onwards. The statistics, conformity assessment system, and consumer protection projects contribute to the development of statistics to international norms, and improved market surveillance, standardisation, certification, and consumer protection.

Although previous recommendations have generally been implemented and the performance of several beneficiaries has improved, *efficiency* has been sub-optimal. There have been a number of delays, leading in some cases to the reduction of the effective project duration. Delays in contracting co-financed elements, and the lack of a full-time financial officer at the European Commission Delegation for almost one year until September 2003 have contributed to delays.

With some exceptions, evaluated projects are expected to be moderately *effective* in meeting their objectives.

The assistance should eventually have an *impact* on improved public sector efficiency and transparency, and freer movement of Bulgarian goods on international markets.

The Council of Ministers is less subject to staff-turnover than other public sector institutions and this should help to ensure the *sustainability* of the public administration projects. The results of the statistics, conformity assessment system, and consumer protection projects are likely to be moderately *sustainable*.

Recommendations

- Delayed contracting of preparatory activities could endanger the contracting of BG-0201.12 *Strengthening the National Conformity Assessment System*. The beneficiaries should consider alternative ways of obtaining the necessary preparatory assistance (such as through TAIEX), rather than relying on the two envisaged preparatory projects.
- It is not clear that the Executive Agency for Certification and Testing will be an effective multiplication body. The Agency should develop and implement a programme for the multiplication of the know-how gained from BG-0003.02 *Establishing a Conformity Assessment System*.
- The Ministry of Economy should develop a strategy for the final separation of accreditation and certification that ensures the retention of the benefits of Phare support to the Executive Agency for Certification and Testing.

Sector Sheet: Public Administration Development

| Number | Type of assistance | Programme/ project title | Implementing body |
|--|-------------------------|---|--|
| Public administration | | | |
| BG-0103.01 | TA/IB | Strategic Policy-making and Co-ordination | CoM, EIRIFID |
| BG-0103.02 | TA/IB, SU/INV | Implementing Civil Service Reform | CoM, SAD |
| BG-0203.05 | TA/IB | Technical Assistance to Implement Key Measures of the Programme for the Implementation of the National Anti-corruption Strategy | CoM, EIRIFID |
| BG-0203.07 | TA/IB | Strengthening Human Resource Capacity in the Bulgarian Public Administration | CoM, SAD |
| Statistics, Conformity Assessment System and Consumer Protection | | | |
| BG-0003.02 | TA & TW/IB, SU & SR/INV | Establishing a Conformity Assessment System | BAS, SAMTS, EA C&T |
| BG-0006.04 | TA/IB, SU & SR/INV | Institution Building and Development of the National Statistics System | NSI |
| BG/2001/IB/FI/04-TLF | TL/IB | External Migration | NSI |
| BG-0201.09 | TW/IB | Enhancement of Consumer and Health Protection | MoE, EADM Directorate, CP Department, CTCP |
| BG-0201.12 | TA/IB, SU/INV | Strengthening the National Conformity Assessment System | SAMTS, BIS |
| BG-0203.12 | TA/IB, SU/INV | Improvement of Regional Statistics | NSI |
| <p>Definitions of institutional abbreviations: BAS – Executive Agency Bulgarian Accreditation Service, CoM – Council of Ministers, CP – Consumer Protection Department, CTCP - Commission on Trade and Consumer Protection, EA C&T – Executive Agency for Certification and Testing, EADM – Economic Analysis and Domestic Market, EIRIFID - European Integration and Relations with International Financial Institutions Directorate, MoE – Ministry of Economy, BIS – Bulgarian Institute for Standardisation, NSI – National Statistical Institute, SAD – State Administration Directorate, SAMTS – State Agency for Metrology and Technical Surveillance.</p> <p>Definition of assistance type abbreviations: IB – Institution building, INV – Investment, SR – Service, SU – Supplies, TA – Technical Assistance, TL – Twinning Light, TW – Twinning.</p> | | | |
| <p>Phare projects in the Public Administration sector aim at transposition, implementation, and enforcement of the <i>acquis</i>.</p> <p>Six of the evaluated projects correspond with the following economic criteria of the <i>Roadmap for Bulgaria</i>¹⁴ and the revised <i>Accession Partnership</i>¹⁵: free movement of goods, statistics, and consumers and health protection. Three chapters of the revised <i>National Programme for the Adoption of the Acquis</i>, 2002 are addressed by the Phare support in the Public Administration sector – chapter 1. <i>Free movement of goods</i>, chapter 12. <i>Statistics</i> and chapter 23. <i>Consumer and health protection</i>.</p> <p>Four evaluated public administration projects (BG-0103.01, BG-0103.12, BG-0203.05 and BG-0203.07) correspond to the political criteria of the <i>Accession Partnership</i> and are in line with the priorities of the Government programme <i>People are the wealth of Bulgaria</i>, which was promulgated in October 2001. They also assist with the implementation of the Government strategies in the areas of anti-corruption and modernisation of the public administration.</p> | | | |

¹⁴ Communication from the Commission to the Council and the European Parliament, Roadmaps for Bulgaria and Romania, issued by the Commission of the European Communities in November 2002, Brussels.

¹⁵ Council Decision on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Bulgaria, issued by the Commission of the European Communities on 26 March 2003.

*Abstract of IE Report BG/ENV/03118, 14 November 2003, EMS Bulgaria
(cut-off date: 29 September 2003)*

Scope of the evaluation

This interim evaluation covers sixteen Phare environment projects with a total allocation of M € 69.091 of which M € 57.900 is from Phare and M € 11.191 is from Bulgarian sources¹⁶. The interim evaluation was conducted during September 2003 and reflects the situation at 29 September 2003. For the purposes of this interim evaluation, projects are grouped into the two clusters according to their overall objectives. There are five institution strengthening twinning projects that mainly assist with the enforcement of environmental legislation. There are a total of 11 infrastructure and technical assistance projects of which four are large-scale water treatment and uranium mine infrastructure projects. Three technical assistance projects provide support for the establishment of radiation, water, and air monitoring systems. The remaining five projects provide technical assistance for the development of a remediation programme for uranium mines, the preparation of future projects, management planning for wetland areas, and integrated management of the River Mesta.

Key achievements, findings and recommendations

The evaluated projects are mainly *relevant*. However, the large scale infrastructure projects may be more relevant to ISPA financing than to Phare. The *relevance* of uranium mine projects is partly undermined by the beneficiary's continuing lack of capacity and resources to ensure that all results are sustained and effectively utilised.

The institution strengthening twinning projects have generally been *efficiently* implemented. The infrastructure and technical assistance projects have been *less efficiently* implemented.

With some exceptions, the evaluated projects are likely to be *effective*. There is a risk of failure to contract two projects, in which case they will have no *effects*. The beneficiary of the uranium mine projects lacks the funds and capacity to utilise some project outputs *effectively*.

The *impact* of the assistance is not yet visible. However, the projects should contribute to improvements in the environment; indirectly through the effective enforcement of environmental legislation, and directly through new and refurbished infrastructure, improved management of natural resources, and developments in air and water monitoring.

Sustainability is likely to be good for institution strengthening twinning projects and generally adequate for infrastructure and technical assistance projects.

Recommendations

- Before agreeing to the allocation of further Phare assistance to be managed or utilised by Ecoengineering, the National Aid Coordinator should ensure that Ecoengineering's capacity has been strengthened to enable it to manage Phare assistance effectively and sustain the results.
- The Ministry of Energy and Energy Resources should ensure that the equipment delivered under BG-0106.05 is properly maintained and utilised.
- The Ministry of Regional Development and Public Works and the Ministry of Environment and Water should agree on the scope of a memorandum of understanding covering the implementation of Phare CBC environment projects.

¹⁶ The original allocations were M € 58.052 from Phare and M € 9.898 from Bulgarian sources. These subsequently changed during implementation due to: (1) reallocation between the projects within the programmes and (2) provision of additional co-financing resources where needed.

Sector sheet

| Number | Type of assistance | Programme/ project title | Implementing body | Contracting authority |
|---|--------------------|---|---|-----------------------|
| Institution Strengthening Twinning Projects¹⁷ | | | | |
| BG-0003.06.01 | TWIN | Institutional strengthening at national and regional level for implementation of drinking water, fish water and shellfish water, bathing water and dangerous substances discharge directives | MoEW, RBD, MoH | CFCU |
| BG-0003.06.02 | TWIN/PROC/INF | Institutional strengthening for implementation of European Union regulations on trade in species of wild flora and fauna | MoEW | CFCU |
| BG-0003.06.04 | TWIN/PROC | Training and application of the Integrated Pollution Prevention and Control directive on regional level | MoEW, EEA, RIEW | CFCU |
| BG-0003.06.05 | TWIN/PROC | Radiation protection and safety at medical use of ionising radiation | NCRRP, MoH | CFCU |
| BG-0101.06 | TWIN | Implementation of Seveso environmental directive | MoEW, RIEW | CFCU |
| Infrastructure and Technical Assistance Projects | | | | |
| BG-9904.03 | SERV/INF | Closing of uranium mines in Eleshnitsa and Dospat | MRDPW, Ecoengineering | MRDPW |
| BG-9906 | SERV/INF | Rehabilitation of Sofia waste water treatment plant | Sofia Municipality | CFCU |
| BG-0106.04 | TA | Remediation programme for the uranium mines in southern Bulgaria | Ecoengineering | MRDPW |
| BG-0106.05 | PROC | Regional monitoring network for radioecological monitoring in the southern Bulgaria | Ecoengineering | MRDPW |
| BG-0106.06 | SERV/INF | Construction of waste water treatment plants in Madan, Rudozem and Zlatograd | MoEW | MRDPW |
| BG-0107.03 | TA/PROC | Integrated monitoring of the Black Sea | MoEW | MRDPW |
| BG-0107.04 | TA | Preparation of future environment projects | MoEW, RIEW | MRDPW |
| BG-0201.11 | TA/PROC | Management planning and capacity building for wetland areas | MoEW, MAF, RIEW, Persina and Kalimok Nature Parks | MoEW |
| 2002/000-623-03 | TA/PROC | Development of a monitoring system for emissions of volatile organic compounds, polycyclic aromatic hydrocarbons and heavy metals from stationary sources in the boundary Bulgarian-Romanian regions along the lower Danube | MoEW, RIEW | MRDPW |
| 2002/000-624-03 | SERV/INF | Provision of waste water treatment plant for Razlog | Municipality of Razlog | MRDPW |
| 2002/000-624-04 | TA | Integrated management of the waters of Mesta/Nestos river basin | MoEW, RBD-Blagoevgrad | MRDPW |

INF – Infrastructure, **PROC**-Procurement, **SERV**-Services, **TA**-Technical Assistance, **TWIN**-Twinning, **CFCU** – Central Finance and Contracts Unit, **EEA**- Executive Environmental Agency, **MAF** – Ministry of Agriculture and Forestry, **MoEW** – Ministry of Environment and Water, **MoH** – Ministry of Health, **MRDPW** – Ministry of Regional Development and Public Works, **NCRRP** – National Centre of Radiobiology and Radiation Protection, **RBD** – River Basin Directorate, **RIEW** – Regional Inspectorate of Environment and Water

Phare support in the sector covers three main lines of assistance. (1) Transposition and enforcement of environmental *acquis* is supported through twinning projects, which address specific objectives of the National Programme for the Adoption of Acquis, Chapter 22 Environment. (2) Infrastructure projects aim to prevent pollution of the national environment and transboundary rivers. These projects also correspond to Government programmes in the respective sub-sectors, such as the Programme for Priority Construction of Waste Water Treatment Plants and the Programme for Liquidation of the Consequences of Uranium Mining Activities. (3) Technical assistance projects aim to establish monitoring systems, develop management plans, and prepare future projects to control and prevent pollution and to support the enforcement of environmental legislation. There are no special Government programmes relating to (1) and (3). However, projects in these two groups do support provisions of the national legislation and the National Strategy for the Environment and Action Plan 2000-2006.

¹⁷ Twinning partners are - Germany (German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety), France (Ministry of Spatial Planning and the Environment) and Austria (Federal Ministry of Agriculture, Forestry, Environment and Water Management)

*Abstract of IE Report BG/EC-DEV/03119, 21 November 2003, EMS Bulgaria
(cut-off date: 03 October 2003)*

Scope of the evaluation

This interim evaluation covers 10 economic development projects with a total allocation of M € 65.75 of which M € 43.47 is from Phare and M € 22.23 is from Bulgarian sources. The interim evaluation was conducted during September and October 2003 and reflects the situation at 03 October 2003. For the purposes of this interim evaluation, the evaluated projects are grouped into the following three clusters according to their objectives: (1) institution building; (2) small and medium enterprise (SME) support; and (3) tourism.

Key achievements, findings and recommendations

The evaluated projects are generally *relevant* to economic development. However, several of the SME support and tourism projects do not address specifically identified needs and their specific *relevance* is therefore weak. This is partly due to the lack of a coherent economic development strategy. These projects are complex and include five grant schemes. One SME support project involves 16 separate works, supervision, supply, and management contracts. The complex design of several projects places unnecessary administrative burdens on potential grant applicants. The scope and complexity of the SME support and tourism projects is therefore not *relevant* to the available implementation capacity. The *relevance* of the tourism projects would have been better if they had been linked with other related activities. Most of the evaluated projects have not been *efficiently* implemented and there is a significant risk that the four SME support projects will not be contracted, although the contracting deadline for two projects had already been extended by one year. There is therefore a high risk that up to M€ 20 of Phare funds will be lost (almost half of the Phare allocation for the projects covered within this evaluation). Previous interim evaluation recommendations have not been implemented and as a result, the limited project management resources remain over-stretched and there is a continuing lack of co-ordination in the sector. Due to their limited *relevance*, and the *inefficiency* with which they have been implemented, the evaluated projects are, overall, unlikely to be *effective* and are consequently unlikely to have significant *impact*. With one or two exceptions, *sustainability* of any project results is likely to be weak.

Recommendations

- The Ministry of Economy should develop and action plan for the implementation of the recommendations provided by the Member State experts under BG-0002.01 *Strengthening the Capacity of the Ministry of Economy*.
- Works on five of the six incubators planned under BG-0004.02 *Investment in SME Business Incubators in Areas of Industrial Decline* will not now be funded by Phare. The Ministry of Regional Development and Public Works and the Ministry of Economy should urgently decide whether or not to attempt the contracting of the remaining works with Bulgarian funding.

The following recommendation from the previous interim evaluation remains valid (modified to reflect current circumstances):

- The tourism related projects are likely to have limited impact as there is a lack of complementarity between them and there is a lack of related measures to improve other tourist facilities. The Ministry of Regional Development and Public Works together with the Ministries of Economy, Environment and Waters, and Culture should develop an action plan to encourage beneficiaries to initiate additional local measures to complement the evaluated tourism projects to ensure greater impact of the Phare funded measures.

Sector Sheet

| Number | Type of assistance | Programme/ project title | Project Implementation Unit (PIU) |
|-----------------------------|--------------------|---|-----------------------------------|
| Institution Building | | | |
| BG-0002.01 | TWIN | Strengthening the Capacity of the Ministry of Economy | MoE |
| BG-0201.01 | TWIN | Strengthening of the Bulgarian Trade Promotion Agency | MoE, BTPA |
| SME Support | | | |
| BG-0004.01 | TA/GR | Grant Scheme for Introduction of Quality Management System (Quality Management, Equipment and Training) | MoE, ASME |
| BG-0004.02 | TA/INV/TA | Investment in SME Business Incubators in Areas of Industrial Decline | MoE |
| BG-0102.01 | TA/INV/GR | SME Service and Technology Grant Scheme | MoE, ASME |
| BG-0102.02 | TA/INV/GR | Hi-Technology Business Incubators | MoE |
| Tourism | | | |
| BG-0102.03 | GR/TA | Development of the Bulgarian Cultural Tourism | MoE, MoC, etc |
| BG-0102.04 | TA/INV | Roads Access to Tourism Sites | MRDPW |
| BG-0202.02 | GR/TA | Development of Bulgarian Eco-tourism | MoE |
| PPF BG-0105.01 | TA | Technical Assistance to the Ministry of Economy for the development of the Bulgarian Eco-Tourism. | MoE |

TA – Technical Assistance; GR – Grant Scheme; INV – Investment; TWIN – Twinning;
 BTPA – Bulgarian Trade Promotion Agency; MoE – Ministry of Economy; MRDPW - Ministry of Regional Development and Public Works.

The National Economic Development Plan was approved by the Government in June 2003. This plan has three strategic priorities: 1) *“To create a socio-economic environment conducive to Bulgaria’s integration to the European Union (EU); 2) To achieve sustainable and balanced growth based on improved competitiveness at both sector and firm level and of human resources; 3) To reduce regional and social disparities in terms of employment, income and infrastructure quality.”* The evaluated projects are generally in line with these priorities. There is also a Strategy for Improving the Productive Sector, which is based on the National Economic Development Plan. Its main aim is to achieve *“strong and sustainable economic growth as a pre-condition for both raising living standards and successful integration into the European economic and social area.”* Some of the evaluated projects address three main objectives and four sub-objectives of the Strategy.

Two of the projects in this sector provide support to develop the administrative capacity of the Ministry of Economy and the Bulgarian Trade Promotion Agency. The main objective of the first project is to restructure the Ministry and enable it to develop economic and sector policies that foster competitiveness and growth in Bulgaria. The second project is intended to develop the capacity of the Bulgarian Trade Promotion Agency to enable it to implement international aspects of national business policies and strategies.

Two projects will provide new technology and consultancy to small and medium enterprises. A third aims to establish six business incubators to provide free office and/or production space and consultancy services for start-up enterprises in areas of industrial decline. The aim of a fourth project is to establish several hi-technology business incubators through a grant scheme, and it includes an additional research and development grant scheme to help SMEs develop innovative products.

There are three tourism development projects. These aim to establish sustainable, marketable tourist products. One grant scheme will provide support for the development of the cultural tourism product. Another grant scheme provides support for eco-tourism. The third project in this group will refurbish roads providing access to tourist locations.

Annex 2. Analysis of Sectoral Relevance.

CRC - Communication Regulation Commission ; BNB - Bulgarian National Bank; EEA – Energy Efficiency Agency; FIDIC - Federation Internationale des Ingenieurs-Conseils; PIU – Project Implementation Unit; MAF – Ministry of Agriculture and Forests; MLSP – Ministry of Labour and Social Policy; MoE – Ministry of Economy; MRDPW – Ministry of Regional Development and Public Works.

| | Economic Development | Agriculture | Transport | Environment | Social Development | Energy & Telecommunications | Regional Development / CBC | Public Administration Development | Public Finance | Justice & Home Affairs |
|---|---|---|--|---|--|---|--|--|---|-----------------------------------|
| Over-ambitious objectives or beyond the management capacity of the relevant institutions | The number and complexity of grant schemes are beyond the joint capacity of the MRDPW and the MoE to manage them efficiently. There is a high risk of failure of projects accounting for approximately M€20 of Phare funds. | Management capacity relies on the PIU at the MAF - individual beneficiaries would not be able to effectively design and manage projects without centralised assistance. | Management of FIDIC based contracts is beyond the capacity of the beneficiary. They are unwilling to rely on the Engineer as they should and get too involved in project management activities (e.g. BG-9803). | Uranium mines projects are beyond the capacity of the primary beneficiary to manage them efficiently. | The number and complexity of grant Schemes are beyond the joint capacity of the MRDPW and MLSP to manage them efficiently. | Capacity to manage the project development and contracting is poor for beneficiaries CRC and EEA, which both lost funds under the 2000 programme. | Grant Schemes are beyond the capacity of the MRDPW to manage them efficiently. | | BG-0003.03 <i>Support to the reform of the Public Procurement System.</i> BG-0006.03 <i>Reform and Modernisation of the Tax Administration.</i> | |
| Vague objectives | Most projects. | | Especially for cross border projects where the benefits are defined only on a general basis. | One wetlands PPF project. | Generally weak. | | Some TA and PPF projects. | Generally weak. | Customs projects. Assistance to the BNB originally envisaged preparation and implementation of a strategy but was subsequently transformed into general, <i>ad-hoc</i> support. | |

CRC - Communication Regulation Commission ; BNB - Bulgarian National Bank; EEA – Energy Efficiency Agency; FIDIC - Federation Internationale des Ingenieurs-Conseils; PIU – Project Implementation Unit; MAF – Ministry of Agriculture and Forests; MLSP – Ministry of Labour and Social Policy; MoE – Ministry of Economy; MRDPW – Ministry of Regional Development and Public Works.

| | Economic Development | Agriculture | Transport | Environment | Social Development | Energy & Telecommunications | Regional Development / CBC | Public Administration Development | Public Finance | Justice & Home Affairs |
|--|--|---|--|---------------------------|---------------------------|--|---|--|-----------------------|-----------------------------------|
| Poor indicators of achievement | Most projects. | Most projects. | Most projects. | Most projects. | Most projects. | Most projects. | Most projects. | Most projects. | Most projects. | Most projects. |
| Inadequate justification for project or specific activities | Grant schemes refer to the National Economic Development Plan and Bulgaria's Strategy for Improving the Productive Sector. However, little attempt has been made to justify the specific activities in the targeted regions. | No standard needs assessment. Out of date beneficiary strategies (this is being addressed). | Justification based on historical (i.e. not up-to-date) studies. | One wetlands PPF project. | | Infrastructure investments not applicable to Phare as they generate revenue (cross border telecommunications infrastructure now banned by Reg 1596/02 of 06 Sept 2002). Questionable cross-border relevance of BG-0106.03 fibre optic cable to Greece. | Border crossing check points with Greece in view of delayed or absent activities on Greek side of the border. | | | |

CRC - Communication Regulation Commission ; BNB - Bulgarian National Bank; EEA – Energy Efficiency Agency; FIDIC - Federation Internationale des Ingenieurs-Conseils; PIU – Project Implementation Unit; MAF – Ministry of Agriculture and Forests; MLSP – Ministry of Labour and Social Policy; MoE – Ministry of Economy; MRDPW – Ministry of Regional Development and Public Works.

| | Economic Development | Agriculture | Transport | Environment | Social Development | Energy & Telecommunications | Regional Development / CBC | Public Administration Development | Public Finance | Justice & Home Affairs |
|--|---|-------------|---|--|--|--|----------------------------|-----------------------------------|----------------|------------------------|
| Incomplete preparatory activities | Earlier preparation of several SME grant schemes was not satisfactorily completed, thereby contributing to the current contracting crisis. More recently, the Eco-tourism preparatory project not satisfactorily completed. | | | A PPF for three waste water treatment plants failed to take account of the need for investment in local service infrastructure, thereby delaying construction of the plants. | Several PPF not satisfactorily completed, leading either to delays in the start of project activities, or to the start of activities on the basis of inadequate information. | Preparatory activities planned to be undertaken by main TA, but subsequently undertaken by beneficiary due to delays in contracting TA: BG-9916.01.01, BG-0003.04.01, BG-0003.01.01. | | | | |
| Poorly prepared contractual documents | The documentation for some projects had to be rewritten several times before being approved by the ECD. | | Designs (part of the contract under FIDIC Red Book) are not sufficient for construction, leading to cost overruns. They are frequently not ready before works are due to start (BG-9803). | Most infrastructure projects | | | | | | |