

EUROPEAN COMMISSION

FRAMEWORK CONTRACT AMS/451 – LOT 10

Letter of Contract *Popov 3 PHARE-BG-PAO-BIS*

BULGARIA

***“Preparation of Phare 2003 Economic & Social Cohesion
Pilot integrated investment scheme for regional development
actions (NE Planning region)”***

FINAL REPORT

June 2005

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REQUESTER

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Table of Contents

1	PREFACE.....	2
2	BACKGROUND.....	3
3	RESULTS AGAINST TERMS OF REFERENCE REQUIREMENTS AND CLIENT EXPECTATIONS.....	3
4	APPROACH AND METHODOLOGY OF THE CONSULTANT.....	7
5	OTHER FACTORS CONTRIBUTING TO SUCCESS.....	10
6	CONSTRAINTS AND ENDURING ISSUES	10
7	LIST OF ANNEXES	12

**The Draft Final Report was disseminated on the 4th of July 2005 by e-mail.
No comments were received.**

1 Preface

We would like to thank all those stakeholders who contributed to the success of our work. In particular Ms Daniella Nicolova IA and Ms Judit Goldstein of the DEC worked in full partnership with us and gave us at all times the security that comes from rapid feedback. On the basis of our experience working in various CEECs for over 6 years, we feel the level of engagement and cooperation was exceptional in nature and in its efficiency and effectiveness.

Colm McClements

Team Leader

2 Background

The Project - of which this is the Final Report - is known as "Preparation of Phare 2003 Economic & Social Cohesion Pilot integrated investment scheme for regional development actions (North-East Planning region)". It is hereinafter referred to as "the Project". It began on schedule at start January 2005, subsequent to an informal discussion in December 2004 between the Beneficiary, Team Leader and one other member of the Team. The Project itself did not have its own Steering Committee: however the Grant Scheme, which this Project is to prepare, does. The Steering Committee met on 2 February and the 24 February 2005 in Sofia at the request of the Consultant to approve key stages of his work. It was also consulted and canvassed in writing in March 2005 regarding the proposed Information and Publicity Plan.

The Inception Report to this Project was disseminated in draft on 8 and 9 February 2005 by e-mail and on 14 February 2005 in hard copy according to ToR to all the relevant persons. No comments were received. The Beneficiary approved it on 31 March 2005. The approval letter was received by fax on 5 April 2005.

The "project" has been the subject of two addenda : one of March 2005 to re-arrange dates of missions and a further in May 2005 to extend the Project into June 2005 in order to coincide with projected activities relating to the Scheme to be undertaken by the MRDPW. These were both approved without problem and both originated from requests by the client to the Consultant to variously accelerate or delay his work.

3 Results Against Terms of Reference Requirements and Client Expectations

Below we set out the main objectives and results of the Project and indicate whether or to what extent these have been met. **[The scorings as stated represent the outcomes of the self-assessment process undertaken within the Project Team. Stakeholders were invited to consider and comment them before finalisation of the Final Report. No response was received].**

Objective, Result etc	Met – Y/N	Extent (0=not at all (ie no product), 1= marginally met, 2 = largely met, 3 = completely met, 4 = met in an enhanced manner, 5 met in a manner that goes well beyond what was required)
Global objective: to set out adequate implementation arrangements and provide technical support to the main beneficiaries in their preparation work before the start-up of the grant scheme, so that the aims, objectives and targets of	Y	Score: 4.2 In practice the Project offered little direct support to project promoters since this was considered inappropriate to PRAG rules and since the Scheme itself was not launched until the end of our work. On the other hand, implementation arrangements were not only set out but the Project

<p>Phare 2003 'Pilot integrated investment scheme for regional development actions' project are fully met.</p>		<p>assisted substantially with their initial preparation. We are confident our work will contribute very strongly to the fulfilment of the aims and objectives of this Grant Scheme.</p>
<p>Specific objective: To assist the main beneficiaries in prioritizing the measures and specifying the eligible areas for interventions based on the provisions of the PF and the existing strategic/programming documents. In addition, the project will aim to fully prepare the package set of documents and tools needed for the successful implementation of the integrated grant scheme.</p>	<p align="center">Y</p>	<p>Score 5: The Consultant provided the main documentation well ahead of ToR schedule on 11 March 2005. There were very few corrections recommended to this documentation by the DEC: indeed its finance department, we understand, considered it the "best scheme they have ever seen in Bulgaria". A limited number of intervention areas were defined on the basis of the latest Regional operational programme (2004-2006) and further specified to serve as components (measures) of the GS involving both the beneficiaries (MRDPW and other ministries) and regional stakeholders, incl. a significant number of project promoters. Moreover the Project put in place a process that efficiently and rapidly allowed the key stakeholders to help "co-create" the scheme with us and take key decision as to its design in a step by step manner. Additionally we provided a fully comprehensive Information and Publicity Plan (in April 2005) and a full Operating Manual (or Guidelines) also in April 2005. It is to be noted that no previous Grant Scheme in Bulgaria has used any such guidelines.</p>
<p>Results</p>		
<p>1. A set of documents needed for the effective launch and implementation of the grant scheme is prepared – project selection criteria; application forms; guidelines for applicants; operational guidelines for the IA at MRDPW, etc.</p>	<p align="center">Y</p>	<p>Score 5: Documents relating to "project selection criteria; application forms; guidelines for applicants" were all complete by 11 March 2005, well ahead of schedule. Operational Guidelines was complete by end April 2005.</p>
<p>2. A series of workshops and round-table discussions held in the North-East region ensuring that priority measures and the eligibility criteria are appropriate and that the selection mechanisms are efficient and transparent</p>	<p align="center">Y</p>	<p>Score 4.7 Consultative meetings were held in the region in the week of 14 January 2005. Regional representatives and other stakeholders were present at the two Steering Committees, ministries were consulted on key draft proposals relating to the Scheme's scope and implementation scheme and their views sought and given. Support was given to the Project Implementation Unit through two specific trainings and MRDPW Regional Coordinators were at all times informed. However as stated above, there was little active canvassing of the views of regional stakeholders in terms of open meetings. By contrast a comprehensive mapping exercise,</p>

		undertaken in January 2005, more than made up for this and in practice was much more effective and decisive in aligning the eventual scheme potential projects and project ideas on.
<p>3 Through workshops and on the job-training at national and regional level, project promoters, as well as administrators have developed skills and knowledge required to prepare and apply for a grant scheme for integrated regional development actions according to Phare rules and procedure</p>	Y	<p>Score 3.5 As indicated project promoters were not directly assisted. However the Project Implementation Unit was given two trainings (both of which were evaluated by participants at between 4-5/5) and part of this included preparing them (and regional coordinators) to assist project developers after the GS launch. More generally these trainings formed these persons for their immediate tasks. At national level significant support has been given continuously to the IA with regard to future implementation by the interactive manner in which we have worked including with the development of the Operational Manual.</p>
<p>4 Information and publicity action plan prepared</p>		<p>Score 4.5 Complete by end April 2005. This Plan was developed in as interactive and participative manner as possible (use of questionnaire, interviews etc). It sets out a realistic but ambitious programme as well as mechanisms by which to implement it. It acts as a pertinent and realistic preparation for similar tasks to be undertaken under Structural Funds and provides a clear framework for helping the Grant Scheme develop appropriate knowledge and even skills among key groups that will be relevant to post Accession Structural Funds as well as this Scheme itself. Finally the Consultant actually has initiated implementation of the Plan by subsuming various support activities to PIU and Regional Actors into it (see previous point) and by designing and delivering a workshop for over 25 officials from relevant departments of the MRDPW to reflect to them the experience of our work and recommend appropriate application of methods and processes that clearly worked.</p>

All "activities and services" as indicated by the Terms of Reference have been undertaken in full. With regard to our formulation of activities as proposed in section 3.2 of our Inception Report we commentate these in Box.

Description as given in Inception Report

Activity 1: Development of all documents - Comprehensive set of documents needed for the successful implementation of the integrated grant scheme, i.e.; detailed project selection criteria; guidelines for applicants; application forms; operational guidelines (general rules for procedures of the Evaluation Committee; general rules for implementation, monitoring and evaluation of the grant projects), information and publicity action plan etc.

Results: Complete Guide to Applicants and Annexes, Complete Operational Guidelines (sometimes called Manual) and Annexes. Annexes will cover all documents mentioned above (cited from ToR).

Dead-line:

- in final draft to MRDPW, 9 March 2005, by MRDPW to DEC, 11 March 2005
- expected finalisation subsequent to comments by DEC, April 23rd.

Results and Activities fully met as described. Note however the DEC did not officially transmit comments until Thursday 9 June 2005 – though these were fortunately minor. The GS dossier was finally approved and the GS launched on 16th June

Activity 2: Further discussion with Stakeholders: - A series of workshops and round-table discussions held in the North-East region ensuring that priority measures and the eligibility criteria are appropriate and that the selection mechanisms are efficient and transparent.

Results: Completed documents consulted and feedback sought prior to absolute approval by DEC.

Deadline: mid April 2005

Results and Activities largely met as described. Note that the scope for further discussions with Stakeholders in this time period was severely constrained since key documents remained secret and were with the DEC throughout most of March, all of April and all of May and part of June.

Activity 3: Development of Communications Action Plan – this will follow the model of a typical Structural Funds Information and Communications Action Plan (though will ensure compliance with PRAG). It will be elaborated in discussions with IA, future PIU members, Steering Committee and will be organised such that initial events are in fact undertaken with the help of the Consultant Team in May (consistent with Results 2 and 3). We propose to integrate into this Plan those stakeholder-focused activities mentioned in our ToR which relate to preparation of the conditions of implementation for the Grant Scheme. We would envisage at least 6 such events in the Region in May 2005 and probably one event in Sofia.

Results: Communications Action Plan complete and implementation begun

Dead-line:

- Communications Action Plan complete – end April 2005, sooner if possible
- Implementation begun May 2005. Consultancy Team will base the activities as per ToR on this Plan and then hand it over to MRDPW for further implementation. This will help ensure a transfer of skills and continuity and sustainability.
- Skills and competence developed among PIU to implement this part of their work (consistent with Result 3), depending on the definition of the Action Plan, it may include relevant information and communication to project assessors for Grant Scheme and this activity may involve consultancy support. (consistent with Result 3).

Results and Activities as described fully met.

4 Approach and Methodology of the Consultant

It is the view of the Consultant and this appears to be shared by the reactions of the many stakeholders that this project has been very successful, indeed more successful than might have been hoped for. In this section we relate this to how we worked, since this is the important key to success. In the next section we describe other factors that contribute to success and which go well beyond either our approach and methodology or indeed our efforts. In a further section we deal with certain constraints that tend to mean that, despite all the efforts, this Scheme is launched, like many before it, later than should or could have been the case. This means that the Impact of our work is less than it could have been – though still entirely consistent with the ToR.

We based our approach on our experience and conviction that a Grant Scheme, like a Structural Funds measure or indeed any other intervention mechanism that implements public assistance for development purposes, must be based on expertise, methodology and process. None of these in itself is enough. To try to develop a Scheme using only the Consultant's expertise is, even in the best circumstances, doomed to a high element of ineffectiveness.

Any scheme is a function of several parameters: the programming fiche, the expectations of the Implementing Agency and other key stakeholders, the needs and expectations on the ground and the demand, i.e. the tangible evidence that tells us if and to what extent applicants will access the scheme to good effect. By definition many of these elements are found not on paper or in books but in the unstructured ideas and thoughts of many people. For this reason a process of engagement is required: discussion, listening, proposing, reacting, summarising and agreeing. But to do this effectively and efficiently (and to avoid turning over and over again the same issues), it is essential to have methodology and a structured process.

The Project Team determined to apply methodology and process to move the Grant Scheme preparation through the steps required. In short these were:

Identification and mapping – without prejudice to any decisions on funding of individual projects – of projects and project ideas consistent with the Project Fiche: this was done with the full participation of regional coordinators of the MRDPW

- **Correlation and analysis of the data** - presented by the mapping exercise (the correlation was largely done by regional coordinators of the MRDPW with our assistance): the Project Team carried out the analysis
- **Early scoping and identification of key issues** - relating to implementation on the basis of an analysis of the process and development of scenarios that could then be tested against stakeholder understanding and reaction
- **Presentation of key documents for outline agreement by the Stakeholders** - relating to the outline scope of the scheme and the outline implementation scheme
- **Receipt of a mandate from stakeholders (ie Steering Committee)** - to develop design on basis of outlines agreed
- **Iterative process of structured discussion with relevant ministries on the basis of concrete, written ideas for each component of the scheme:** - elaboration of note containing agreed ideas after each meeting, note forwarded to relevant stakeholders, further technical work carried out by Team, further meeting and follow up note with stakeholders (this process occurred mainly between 2 February and 24 February: If there had been more time it could have been even more interactive)
- **Presentation of key documents for agreement by the Stakeholders relating to the scope of the scheme and the implementation scheme** - including relatively detailed scenarios for each component, and financial allocations attributed to each
- **Receipt of a mandate by Steering Committee to work with IA to complete the relevant documentation** - without further recourse to them
- **Repeated meetings with IA and DEC to refine the documents** - comprehensive drafts presented to MRDPW in time for serious and systematic discussion. This enabled full approval by IA in early March, before receipt to DEC.

We consider the approach above – which we have explained to the MRDPW in a workshop on 10 June 2005 – to be fully relevant to the development of Structural Funds measures in the various Operational Programmes.

With regard to all other documents – Operating Guidelines/Manual and the Information and Publicity Plan a similar approach was applied: however it was less extensive and the MRDPW has not convened the Steering Committee since the 24 February 2005. Our stated preference was that they discuss and approve all documents formally.

Only such an approach can in our view hope to result in a scheme that is targeted, can be efficiently and effectively implemented and is owned by the stakeholders.

For all training events we applied the principles of adult learning methodology: we can be confident on the basis of feedback and validation procedures that the participants considered our assistance relevant, useful to their work and professional.

5 Other Factors Contributing to Success

It is also essential to mention other important factors that have been essential to success. We do so below and add a brief commentary:

- from the start the MRDPW was committed to success and made clear that, if necessary, we should prefer the feasible as against the ideal
- the MRDPW and also MLSP supported and embraced our approach from the moment we suggested it: critically they made significant staff resources available to support the mapping exercise (in all probably something in the region of at least 200 mandays if we limit consideration to their officials in regions)
- officials in the MRDPW, MLSP, MoE, MoF all made themselves available for meetings as requested and most reacted to the notes we forwarded them after these meetings
- officials in the IA, especially Contract Manager Daniella Nicolova, showed at all times an exemplary application to her task and facilitated our work at every stage: we only regret that so much seems to hang on her shoulders; in the crucial months - January and February - the acting head of Department in the IA Vladimir Penevski was extremely supportive and involved in all discussions
- the Steering Committee – when it met – was almost fully attended, it was well chaired and followed a coherent and constructive logic
- the Delegation of the European Commission and especially its Phare ESC Task Manager was at all times more than helpful in giving advice: indeed because of the very tight dead-lines they agreed informally to react to our work as we proceeded. This results in the very low level of comments received back from the Finance Section of the DEC. The DEC's Phare officer with responsibility for SMEs was able to creatively work with us to envisage in detail an appropriate manner in which to improve that component. We have never known such a constructive and flexible approach from a Delegation in the past.

All of these factors should be noted: they offer real hope for thinking that a similar approach can elicit a proportionate response in the context of preparing Structural Funds programmes and measures.

6 Constraints and Enduring Issues

We must also report a small number of constraints that are relevant to the efficiency or impact of our work.

Efficiency: The Consultant was fully prepared to be flexible in every manner to deliver many of the outputs by mid-March 2005: however we must make formal note of the fact that the Terms of Reference were extremely and in our view, unrealistically binding in the sense that they stipulated a) that all work had to be done in country : in practice this would not have been necessary in all cases and a significant amount of unpaid work was in fact done from outside the country especially in January and February

2005 and b) that days had to be used according to the totally rigid and in certain cases highly unrealistic timetable set out (for example who in Bulgaria works on 2 January ?). While we sought to gain greater flexibility through various addenda, it would have been much simpler if the constraints simply had not been put there to begin with. Two simple additions or qualifications to the ToR would have remedied this in a rational manner:

- The stipulation that at least 90% of (EU) days should be used in country and that any to be used out of country be prior agreed with the Beneficiary
- The stipulation that dates of missions are indicative and may be varied in agreement with the Beneficiary on condition that the total number of days per expert does not vary.

We strongly recommend that this practice be implemented forthwith: a contractor cannot be responsible for snow-storms or other acts of God beyond his control that prevent him being in Bulgaria on a particular day – nor is it feasible on every occasion to raise an administrative order with immediate effect.

An ensuring constraint is presented by the fact that too much fell on the Contract Manager: the IA needs to be able to spread work among more resources and be organised to ensure these are in place. No amount of devotion beyond the call of duty by one or two exceptional individuals can ease a more fundamental organisational stress.

Impact Issues: A further constraint – relevant to the impact of our work – is the following. Our efforts, that of the client and of the DEC Phare Section were all geared to ensuring that the Scheme would be submitted to the DEC by mid-March, approved rapidly and launched at latest in early May 2005. In fact it was not launched until mid- June. The reason for the delay appears to be two-fold: a) the fact that the Project Fiche on which all assistance relevant to this Grant Scheme is programmed, was since January 2005 the subject of a complex process of amendment, relating to issues largely extraneous to our work. Until these were resolved the Scheme could not be launched. b) the fact that the DEC's Finance Section failed to deliver its comments before 9 June 2005, i.e. 2 months and 28 days after submission.

We note a further constraint relating to the MRDPW itself: assessors who we undertook to train directly were not in place by the moment when that training was to take place, i.e. early June. Instead we had to train officials who will in turn train the assessors. The reason for this is not clear to us: even taking account of the delays in launching the Scheme, it is hard to see why the potential assessors could not have been designated and trained earlier.

7 List of Annexes

- Annex 1** **ToR for project "Preparation of Phare 2003 Economic & Social Cohesion Pilot integrated investment scheme for regional development actions (NE planning region)"**
- Annex 2** **Documents submitted to First Steering Committee meeting - 2 February, 05**
Annex 2.1 Report on scope of GS
Annex 2.2 GS implementation scenario for SC
Annex 2.2.1 GS institutional framework
Annex 2.2.2 GS project cycle
Annex 2.3 Note on the SC meeting of 2 February
- Annex 3** **Documents submitted to Second Steering Committee meeting - 24 February, 05**
Annex 3.1 Report on scope of GS
Annex 3.2 Key recommendations to SC
Annex 3.3 Analysis of implementation process
Annex 3.4 Diagram of implementation structures' tasks
Annex 3.5 Note on the SC meeting of 24 February
- Annex 4** **Documents submitted to MRDPW - March, 05**
Annex 4.1 Guidelines for Applicants (GfA)
Annex 4.2 Annex A to GfA -Grant Application Form
Annex 4.3 Annex B to GfA - Budget
Annex 4.4 Annex C to GfA - Logical Framework
Annex 4.5 Annex D to GfA - Per diem rates
Annex 4.6 Annex E to GfA - Standard contract
Annex 4.6.1 Annex to GfA - Promissory note
Annex 4.7 Annex F to GfA - ToR for procurement of supervision service subcontract for works
Annex 4.8 Annex G to GfA - Assessment of demand and feasibility: business-related infrastructure
Annex 4.9 Annex H to GfA - Assessment of demand and feasibility: tourism
Annex 4.10 Annex I to GfA - CV in English
Annex 4.11 Annual work programme
Annex 4.11 Notice of Call for Proposals
- Annex 5** **Operational Guidelines - April, 05**
Annex 5.1 Operational Guidelines (OG), draft 27 April
Annex 5.2 Additional note to revision of OG
- Annex 6** **Information & Publicity Action Plan (IPAP)**
- Annex 7A** **Materials submitted in Varna to public meeting - January, 05**
Annex 7A.1 Presentation by PPF team
Annex 7A.2 Handout - Overview of funding bodies' requirements
- Annex 7B** **Training materials for PIU in Varna and MRDPW Regional Coordinators - April, 05**
- Annex 7C** **Training materials for PIU in Varna and MRDPW Regional Coordinators - June, 05**
Annex 7C.1 PIU Trainer Manual
Annex 7C.2 PIU Participants Manual
Annex 7C.3 Introduction session slides
Annex 7C.4 IPAP presentation
Annex 7C.5 Handout 2 - Planning an info-day
Annex 7C.6 Handout 3 - Presentation tips
Annex 7C.7 Grant Application Form presentation
Annex 7C.8 Handout 1 - Simple tool for assisting project applicants
Annex 7C.9 Logframe and activity schedule presentation
Annex 7C.10 Handout 4 - Logframe matrix
Annex 7C.11 Budget requirements for assessors

Annex 7C.12	Cycle path – budget (exercise)
Annex 7C.13	Cycle path – Logframe (exercise)
Annex 7C.14	Budget costs (exercise)
Annex 7C.15	Cycle path – budget (solution)
Annex 7D	Training of assessors - June, 05
Annex 7D.1.1	Coaching and training for trainers of assessors (Participants Manual)
Annex 7D.1.2	Tips for trainers of assessors
Annex 7D.2.1	Trainers Manual - Training plan for assessors
Annex 7D.2.2	Training Manual - Assessors Participants' Manual for assessors
Annex 7D.3	Session 1 - Training objectives and structure
Annex 7D.4	Session 2 Presentation (P1) & Handout (H1) - Phare context and GS background
Annex 7D.5	Session 3 P2 & H2 - GS Project cycle and evaluation procedures
Annex 7D.6.1	Session 4 P3 - GfA: scope of PIIS
Annex 7D.6.2	Session 4 H3 - Productive Investment component
Annex 7D.7	Session 5 P4 & H4 - Project documentation
Annex 7D.8.1	Session 6 P5 - What is Logframe and what are requirements for assessors
Annex 7D.8.2	Session 6 H5a - How to use the Logframe in evaluation
Annex 7D.8.3	Session 6 H5b - Questions for group discussion
Annex 7D.8.4	Session 6 H5c - Phare Logframe
Annex 7D.8.5	Session 6 S H5d - Phare Logframe: example
Annex 7D.9.1	Session 7 P6 - Budget
Annex 7D.9.2	Session 7 H6a - Example of budget costs
Annex 7D.9.3	Session 7 H6b - Budget: cycle path
Annex 7D.10	Session 8 P7 & H7 - Evaluation logic and methodology
Annex 7D.11	Session 9 P8 & H8 – Administrative compliance and eligibility evaluation
Annex 7D.12.1	Session 10 P9a & H9a - Assessment of technical and financial quality
Annex 7D.12.2	Session 10 P9b & H9b - Scoring instructions
Annex 7D.13	Session 11 P10 & H10 - Case study
Annex 7D.14	Session 12 P11 & H11 - Important documents and references
Annex 7D.15	Memo - IA training results, 9 June
Annex 7E	Dissemination workshop for MRDPW officials - June,05
Annex 7E.1	Presentation
Annex 7E.2	Handout 1: GS Experiences and Lessons
Annex 7E.3	Handout 2: Analysis of implementation process
Annex 7E.4	Final note and report
Annex 7E.5	Memo - workshop invitation, 10 June

ANNEX 1

ANNEX 2

ANNEX 3

ANNEX 4

ANNEX 5

ANNEX 6

ANNEX 7A

ANNEX 7B

ANNEX 7C

ANNEX 7D

ANNEX 7E