



Republic of Bulgaria

- **NATIONAL REFORM PROGRAMME**

- (2007 – 2009)

- **PROGRESS REPORT**



Agency for
Economic
Analysis and
Forecasting

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LIST OF ABBREVIATIONS

- EU – European Union
EC – European Commission
NRP – National Reform Programme
OP – Operational Programme
ICT – Information and Communication Technologies
GDP – Gross Domestic Product
NSI – National Statistical Institute
LFS – Labour Force Survey
HCPI – Harmonised Consumer Price Index
GVA – Gross Value Added
BNB – Bulgarian National Bank
BGN – Bulgarian leva
EUR - euro
MSAAR – Ministry of State Administration and Administrative Reform
IPAEI – Institute of Public Administration and European Integration
NRA – National Revenue Agency
TSSPC – Tax and Social Security Procedure Code
SG – State Gazette
OPAC – Operational Programme “Administrative Capacity”
TCM – Total Quality Management
PPP – public-private partnerships
LEG – Law on Electronic Governance
SAYS – State Agency of Youth and Sports
SAITC – State Agency of Information Technologies and Communication
FLSU – first-level spending units
NSSI – National Social Security Institute
SSC – Social Security Code
PSS – Public Social Security
MH – Ministry of Health
NHIF – National Health Insurance Fund
BMA – Bulgarian Medical Association
MAFS – Ministry of Agriculture and Food Supply
PHARE – Poland and Hungary: Assistance for Restructuring their Economies

SAPARD – Special Accession Programme for Agriculture and Rural Development

EGC – Economic Growth Council

BCPs – border checkpoints

USAID – United States Agency for International Development

CMD – Council of Ministers Decision

EURES – European Employment Services

R & D – Research and Development

SMEs – Small and Medium Enterprises

FSAE – From Social Assistance to Employment

NPP – Nuclear Power Plant

RES - renewable energy sources

CoM – Council of Ministers

MoU – Memorandum of Understanding

NSRF – National Strategic Reference Framework

SCF – Structural and Cohesion Funds

NGO – Non-government Organisation

JOBS – Project „Promoting employment through support for the business”

1. INTRODUCTION

Following its accession to the EU on 1 January 2007 Bulgaria also joined the monitoring mechanisms on the implementation of the renewed Lisbon Strategy. The first National Reform Programme of Bulgaria has been elaborated and submitted to the European Commission on initiative of the Bulgarian government. As a result of the successive consultations with EC representatives, the first Progress Report updates and reformulates the priority areas of NRP, bringing them in compliance with the commonly agreed (with the EC representatives) key national challenges for achieving the Lisbon objectives, while reporting the progress made in regard to their fulfilment.

The Report has been elaborated in close cooperation with all line Ministries and institutions while the Agency for Economic Analysis and Forecasting was responsible for summarizing and synthesizing the information obtained. At political level the coordination was performed within working group 31 “Lisbon Strategy” specially established for this purpose, which was composed of Deputy Ministers and chaired by the National Lisbon Strategy Coordinator and the Director of the “Coordination of the European Union and International Financial Institutions Affairs” Directorate at the Council of Ministers.

The layout follows the below structure:

- ✓ The first part summarizes the progress made towards the fulfilment of Lisbon objectives in 2007, focusing on more aggregated indicators of the economic development of our country.

- ✓ The second part presents the implementation of the measures and policies aimed at attaining the main priorities and addressing the NRP key challenges; attention is firstly paid to the horizontal priority of improving the institutional capacity. Then, progress is reported on the commonly agreed for the period 2007 - 2009 five key challenges, namely:

- maintaining macroeconomic stability;
- modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure;
- improving the business environment (incl. better regulation, implementation of Internal Market legislation, competition and key priority actions identified by the 2006 Spring European Council);
- improving the quality of human capital through improved access of all to quality education and training (incl. life-long learning) with a view to increase productivity and better match skills with labour market needs;
- activating labour supply;

- ✓ The third part describes the carried out and planned policy measures and reforms focused on the four priority actions of the 2006 Spring European Council – investment in knowledge and innovation; promotion of small and medium sized enterprises and entrepreneurship; raising the employment opportunities of the priority categories (target groups); reforming the energy market.

- ✓ Finally, a table tracking the progress in the implementation of the measures is annexed, that classifies and summarizes the main stages of the reforms outlined in the two parts of the Report in accordance with EC requirements.

2. MAJOR INDICATORS TO ASSESS THE PROGRESS

Economic growth

In the first six months of 2007 the real GDP growth speeded up to 6.4%, in result of which the GDP per capita is expected to reach 38.7% of the average EU level. The industry (mainly the manufacturing industry) turned to be an important contributor to the increase of the gross value added. Since the beginning of this year, a clearly marked trend of increase in the contribution of domestic market sales on the account of export sales has been observed in the sector. Services, the largest sector has also speeded up its growth rate to 8.8%. Financial intermediation and trade accounted for half of the dynamics in the sector in the previous year. A major factor for the development of both sectors is the improved welfare status of the economic agents, which encourages consumption and various forms of savings.

In terms of final use, the GDP growth was driven by domestic demand. Gross fixed capital formation which has increased by almost 30% for the first six months of the current year had the biggest contribution to growth. The investment shift from trade to manufacturing industry and to electricity generation was important for boosting the economy competitiveness and mitigating the foreign trade imbalances. This also creates possibilities for reducing the foreign trade deficit in the medium term. The share of gross capital formation reached 31.9% in 2006 and 36% in the first half of this year. The foreign direct investments are steadily rising, which is an important factor for preserving high and stable rates of economic growth. The private consumption increased by 7.5% in 2006 supported by employment and incomes growth. The strong credit activity also contributed to the accelerated growth rate of the indicator, which reached 9.1% in the first quarter of the year, but slowed down to 6.4% in the second quarter. The government consumption preserved its last year's levels. The real growth of exports of 2.2% in the first quarter speeded up in the next period to reach 4.1% for the six-month period. The real growth rate of imports started slowing down this year as compared to the previous one, but due to its high value foreign trade balance continued deteriorating.

Employment

The observed in 2006 trends of swift increase in the number of employed persons and in the participation rate of the population were even more pronounced at the beginning of 2007.

According to NSI data from the Labour Force Survey (LFS), in the first half of 2007 the average number of persons employed¹ in the economy reached 60.6%, increasing by 3.4 percentage points as compared to the same period of 2006. The private sector was the main contributor to the development of the indicator as the number of employed persons there increased by 8.1% on an annual basis. At the same time, in the first six months of the year unemployment rate dropped to 7.4%, falling to 6.8% in the second quarter – the lowest rate for the whole period of conducting LFS.

The observed processes of higher employment and lower unemployment rates have led to increased participation rate of the population in the age group of 15-64. In the first six months

¹ In the age group of 15-64.

of the year it reached 65.5% which is by 2.3 percentage points higher than in the same period of 2006. The indicator's growth was also influenced by the fact that persons who have been outside the workforce in the previous periods have returned to the group of economically active population. The number of discouraged persons has declined by 81.2 thousand on an annual basis.

Income and labour productivity

In the first half of 2007 the population income registered its highest growth for the past eight years. The stable macroeconomic environment, the favourable investment climate and opportunities for the companies, the growing productivity as well as the acceleration of the convergence processes might be identified as the main reasons for this development.

According to the NSI preliminary data the average wage of persons employed under labour contracts and civil service contracts increased by 17.4% and 11.9% in nominal and real terms, respectively, as compared to the same period of 2006. Both in the past few years and in the period under review the main contribution to the registered growth came from the private sector.

During the period under review the growth of the labour productivity² also speeded up compared to the same period of the previous year. In the second quarter the real change of the indicator was 4.9 % on an annual basis - the highest value for the past few years. However, in the first half of the year the newly-created value added per person employed fell behind the real change of the average labour income. It should be noted however that the share of compensation of employees³ in GVA has remained considerably lower than the EU average, showing that the concerns for competitiveness deterioration are still unfounded.

Price dynamics

From the beginning of 2007 to August the accumulated inflation measured by the Harmonised Consumer Price Index (HCPI) was 6.8%.

The increase in the market-based prices is mainly due to the food products. The price increase of food products (12.7) contributed 2.95 percentage points to the overall price growth, which was mainly due to the continuing rise in the prices of agricultural products on the international markets as well as to the data for poor harvest of grain crops.

Prices of fuels and market services also preserved their relatively high rate of growth. Energy goods' prices have increased by 7.9% on average, owing mainly to the international prices of crude oil. The cumulative inflation for the sector of services in the first eight months was 6.9%. The prices of catering services grew by 11.5%, while the contribution for the overall inflation was 1.1 percentage points. This time this increase was due to secondary effects

² Labour productivity is estimated as the ratio of GVA and the number of employed persons from the System of National Accounts.

³ According to Eurostat data, the share of compensation of employees in EU-25 GVA amounts to 55% in 2006. The comparable indicator value in Bulgaria is respectively 40.7 and 43.5% in 2006 and in the first half of 2007.

stemming from the price increase in food products. The price increase of non-food stuff (excluding fuels and cigarettes) was 2.6%.

The rise in the prices of electricity for household and industrial needs since the beginning of July was a determining internal factor for the higher inflation.

Growing demand for goods and services has been observed on part of EU Member States neighbouring Bulgaria – in particular Greece and Romania where prices are comparatively higher. In the period January - July 2007 the number of Greek and Romanian tourists increased by 33.5 and 140.9%⁴ respectively compared to the same period of 2006 and ranked at top of the list of tourist visits to Bulgaria⁵. This, taken together with the higher solvent demand of the population would continue influencing consumption and rise in prices not only on regional basis but also for the country as a whole.

Balance of payments⁶

In the first seven months of 2007 the current account was in negative balance which reached 11.4% of forecasted GDP. The trade deficit was the main contributor to this development. The current account deficit was fully covered by the financial account surplus. The overall balance for the period January-July 2007 was positive, and the foreign exchange reserves increased by EUR 922.6 million.

In the first half of the year the export growth was 7.5%. The export of investment goods has increased by 6.9% and that of consumer goods - by 9.9%. The main trade partners of Bulgaria in terms of exports were the countries from the European Union which accounted for 63% of the goods' flows.

In the first half of the year the imported goods (cif) registered 18.5% growth. The greatest contributor to this increase was the group of raw materials. The imports of consumer and investment goods increased considerably. The main trade partners of Bulgaria in terms of imports of goods were the countries from the European Union which account for 53% of the total imports to the country.

The net balance of services for the period January - July 2007 was EUR 726.5 million, being by 40% higher than the one in the same period of the previous year. This was mainly due to the higher revenue from tourist services and the improved net balance of other services.

Foreign direct investments for the period January - July 2007 reached EUR 2 667.2 million as compared to EUR 2 334.9 million for the same period of the previous year.

Monetary aggregates

The gross foreign exchange reserves of the Issue Department at the Bulgarian National Bank (BNB) increased by 31% reaching BGN 22.9 billion for the January - September 2007 period.

⁴ Including the "suitcase" trade.

⁵ Classification according to the preliminary data of the National "Border Police" Service and the National Statistical Institute.

⁶ The forthcoming revision of BoP data has not been taken into account in the current analysis

This was mainly due to the increase of the government deposits arising from the sound budget implementation, the increase of commercial banks' reserves after the rise of the minimum required reserves since the beginning of September, and the increased demand for money.

The elimination of administrative restrictions on banks' credit growth at the beginning of the year in the context of strong investment and consumer activity has led to considerable acceleration of households' and companies' credits. At the end of August the *claims of the non-government sector to GDP* ratio reached 60%. Although the level of this indicator is still considerably lower than the euro zone average, the high growth rates of private sector indebtedness to the banking system and the arising risks to the financial stability has led to tightening monetary conditions on part of the Central bank. Pursuant to Decision of the BNB Governing Council of 19 July 2007 (entering into force as of 1 September 2007), the level of minimum required reserves was increased from 8% to 12%; the measure implementation drew out liquidity amounting to BGN 1.6 billion. Meanwhile, BNB continues to implement strict supervisory regulations to avoid deterioration of the quality of the banking assets and to guarantee the sustainable development of the banking system.

Monetary aggregates continued maintaining high growth rates due to the expanded economic activity in the country and the foreign capital inflows. Broad money rose by 30.4% on annual basis at end-August (compared to 22.5% at end-August 2006). In August 2007 the annual growth of net foreign assets was 13.4%, while the one of net domestic assets was 45.4%.

Since the beginning of 2007, the intensified financial intermediation, particularly credit supply, has not been accompanied by deterioration of the quality of credit portfolios – standard loans at end-June 2007 were 95.8% compared to 94.4% at end-June 2006.

Government budget and debt

The accession to the EU has not led to any significant negative effects on public finance, the policy of fiscal discipline and stability continued. In the first seven months budget revenues grew by 17.1% and budget expenditures – by 8.9%.

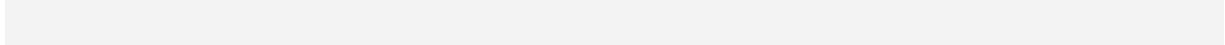
At end-August the government and government guaranteed debt decreased by 6.6% compared to end-2006, dropping to 20.6% of projected GDP. Domestic debt increased by 3.1%, while the foreign debt declined by 9.7%. At end-July the private non-guaranteed foreign debt stepped up to 64% of forecasted GDP. Commercial companies' debt rose by 14.5% influenced by the increase in the long-term and short-term loans received. Commercial banks' debt rose by 10.9%, the underlying reasons for this being the reported 14% growth of short-term deposits and the 35.4% increase of long-term loans.

Indicators of reform progress

According to the annual ranking of the World Bank Doing Business Report on the conditions for doing business in 178 economies⁷ published at end-September 2007, Bulgaria is ranked 46th in terms of overall performance, therefore placing among the top ten fastest reforming countries.

⁷ <http://www.doingbusiness.org>

Our country has made progress in five out of the ten areas under review; the most accelerated being the reforms in business licensing, tax payments, and contract enforcement.



3. PROGRESS IN THE IMPLEMENTATION OF MEASURES AND POLICIES ADDRESSING THE MAIN CHALLENGES IN THE NATIONAL REFORM PROGRAMME

Horizontal priority: improving institutional capacity

1) Performing **functional analyses and optimizing administrative structures**

As of August 2007 optimization of administrative structures and second-level spending units to Ministers with 5 059 employees on the payroll was done, which represents 3.2% of the total number of employees at the public administration⁸.

2) The Action Plan under the **Strategy on Human Resource Management in the State Administration 2006 - 2013** is being implemented, and the Ministry of State Administration and Administrative Reform (MSAAR) has planned budget expenditure to the amount of EUR 2.639 million for the whole period of the strategy.

As of September 2007, two centralized competitions for junior experts have been held in compliance with the latest amendments to the Law on Civil Servant⁹. By 4 June 2007 32 persons in total have been appointed on the position “junior expert” at the central, regional and municipal administrations. After two centralized competitions held, the total number of candidates in the database for junior experts is 321.

More than 100 200 trainings of servants from the administration have been conducted from the beginning of 2006 till August 2007 under projects of MSAAR and the Institute of Public Administration and European Integration (IPAEI), aimed at improving their professional qualification and career development. Another 25 000 employees will be included in trainings which are to finish at end-2007.

3) In September 2007 a report was presented on the **implementation of 140 measures from the Action Plan under the Strategy for Transparent Governance and for Prevention and Counteraction of Corruption** in this area.

During the reporting period the National Audit Office announced the names of 64 high-ranking officials, who have not submitted their inaugural or final property status declarations and invited them to appear in person to draw up statements of administrative violations against them. These people will be subject to examination and inspections on part of the National Revenue Agency (NRA) under the stipulations of the Tax and Social Security Procedure Code (TSSPC).

Most Ministries have established their own systems – “hotlines”, gateways and boxes for alerts’ receipts regarding any irregularities detected. The investigations and the examination of the alerts is main duty of the Inspectorates at the Ministries and Agencies in the central administration. For the first six months of the year 226 scheduled and 421 ad hoc checks have been made and 426 alerts of corruption have been processed (365 have been received at the central administration, and 71 at the regional and municipal administrations).

⁸ Calculated on the basis of 151 291 employees at first-level and second-level spending units

⁹ SG, issue 24/21.03.2006.

According to the data of the Prosecutor's Office, from end 2006 till February 2007 19 bills of indictment for crimes related to corruption have been filed. Three mayors of municipalities, one head of department at a territorial customs office, and a number of customs inspectors were among the charged persons.

An implicit assessment of the strategy implementation effectiveness is the dynamics of the Corruption Index of Transparency International for Bulgaria. While in the period 1998 - 2002 it stepped up from 2.9 to 4, in the following years the index for the country was around 4 points with slight upward or downward deviations. In 2007 the index is 4.1 points - thus our country takes the 64th place among 180 countries.

- 4) In 2006 **quality management systems** were introduced in 4% of the central, 14% of the regional and 12% of the municipal administrations. The launched in September 2007 PHARE project is expected to further speed up the process. An additional incentive will be the support under Operational Programme "Administrative Capacity" (OPAC).

A 2007 - 2013 Strategic Framework for improvement of the quality in the public sector by implementing systems for management and assessment has been elaborated. The aim is to build up a reliable national system for monitoring of the activities related to introduction and implementation of Total Quality Management (TQM) systems and instruments.

- 5) MSAAR has developed methodology for **PPP application in the area of public services**. An analysis of the possibilities for outsourcing and public-private partnerships (PPP) in the areas of research and development, tourism, information provision, social sphere has been elaborated. Mechanisms for PPP's implementation and its pilot introduction in 10 administrations are being elaborated.
- 6) In connection with the **introduction of e-government** and the integration of the administrations' e-services into the central gateway of the e-government:

- On 31 May 2007 the National Assembly adopted the Law on Electronic Governance (LEG)¹⁰. It provides for automation of administrative procedures, ensuring transparency of state administration processes, reduction of the possibilities for corruption practices as well as of the administration's costs of maintenance. The LEG also provides for shortening the time period for the administration to perform its activities (incl. upon providing services to citizens and businesses). The Law regulates the one-off creation and repeated use of data; inter-institutional exchange of e-documents, compatibility of information systems, and information security has become obligatory for the administration.
- The Control Technical Centre of the e-government was opened in 2007. The Centre will provide for definition and management of state administration's e-services to citizens and businesses, will integrate the existing information registers, and will be able to ensure the provision of quality, swift, cheap, and secure administrative services fully oriented to consumers (citizens and businesses) and their needs. The Control Technical Centre is the core for further integration of government entities' information systems and for the automated performance of the electronic administrative services. A platform is ensured for defining, providing and managing state administration services.

¹⁰ Prom. SG issue 46/2007.

- A gateway of the e-government has been created - www.egov.bg. It is the access point to all e-services provided by the central administration. The gateway allows for interactive personalized access to information and services or automated integration with other systems. The system offers centralized approach to the document management, working processes, contents and policies. The unified platform for providing services enables its users to securely connect to the system at any time and from any location while their personal data are protected.

It is expected the e-government to be completed at end 2009. The direct budget cost for this initiative will amount to EUR 22.2 million. An additional incentive will be also the assistance under Operational Programmes “Administrative Capacity” and “Regional Development”.

- 7) At the beginning of 2007 the Ministry of Justice launched the procedure for **building-up and introducing electronic systems into the work of the judiciary**:
 - The system of judgment enforcement is to be completed in 2008 and at present there is a tender procedure for choosing the contractor.
 - The system of legal assistance will be finalized at end 2009. Signing the contract for assignment of its implementation is pending.

The above is expected to contribute to increasing the transparency of judgment enforcement, facilitating and optimizing the control over the activity of enforcement officers and ensuring unified standards for administrating the enforcement cases, while enabling citizens to exercise their constitutional rights.

- 8) The Ministry of Finance will allocate EUR 1.7 million budget resources to the adaptation and further **upgrading of the Unified Information System for Management and Control of the funds under the EU Structural Instruments**. The total earmarked amount for the further upgrading of the system and making it fully functioning is EUR 11.364 million for the period 2007 - 2013. The purpose is to ensure the effective and efficient management and control over the resources from the EU Structural Instruments. At present the system has been developed, its pilot model is accessible to users and a great number of trainings and consultations have been conducted.

Challenge 1: Maintaining macroeconomic stability

- 9) Sustaining **high** budgetary surplus in the medium term is planned to avoid procyclical fiscal policy upon eventual strong demand, widening current account deficit and risks of overheating.
- 10) In view to improving the effectiveness and quality of public expenditure, a comprehensive review **of** fiscal expenditure, including sectors of justice and home affairs, healthcare, education, etc. will be carried out in the next three years.
- 11) The **draft** 2008 budget is the first one whereby the National Assembly will review and approve the expenditure on policies in the competence and under the responsibility of each Ministry, SAYS, and SAITC. This would complete the process of pilot introduction of performance budgeting, which has started in 2003.

As part of the reform carried out by the Ministry of Finance, the finalization of this stage is a significant step towards establishing a pattern of public expenditure management based on the

results of the implemented government policies. This new form of budget documentation used concurrently by all first-level spending units (FLSP) that are responsible for national policies implementation, enables the Council of Ministers and the National Assembly to prioritize public expenditure in the medium term on the basis of information (quantitative, qualitative, time-based and price-based) about the results on policy goals' attainments. This allows for a focus shift of the negotiations at all decision making levels¹¹ from simple resource reallocation towards policies' prioritization. This prioritisation is based on the estimated social and financial effects and is under the constraints imposed by the objectives of the fiscal policy of the government.

The approval of policy expenditure of the Ministries and the two State Agencies marks the beginning of the application of a sectoral approach for policies prioritization that is to be the basis for approval of expenditure ceilings by each FLSU. The institutionalization of this new mechanism for planning and prioritization ensures that the resources are managed in a way that leads to improved effectiveness and efficiency of public expenditure in the individual sectors and hence to higher growth potential of the economy. In this regard, the work on the preparation of a draft new Organic Budget Law has advanced. The Law is to serve as a framework for both improving the budget procedure and its organization and delegating responsibilities within the constitutional powers of all participants in the budget process.

- 12) Since 1 **January 2007** the **National Social Security Institute (NSSI) has been paying the cash benefits** for sickness, occupational rehabilitation, pregnancy, child-birth and child-care. This has led to economy of budget resources to the amount of EUR 5.33 million.
- 13) The **agreements for increase in the minimum average insurance income** between employers and trade unions will enter into force from the beginning of 2008. The average increase of the minimum insurance thresholds is 26.1%, with the most serious increase being registered in the sectors of construction – 30%, healthcare (activities in dental mechanics labs) – 19.6%, in establishments for in-hospital treatment – 27.67%; for the first time there is agreement in the area of veterinary medicine and the increase there is 20.37%. In case agreement is not concluded in any of the sectors the increase will be administratively imposed.
- 14) **The amount of the social security contribution for “Pensions” Fund and “Unemployment” Fund has been reduced by 3% from 1 October 2007** with the aim of encouraging business and improving collection¹².
- 15) The mechanism for calculation of the minimum amounts of length-of-service pensions and pensions not related to labour activity has been changed. A mechanism for updating pensions granted before 2000 is being developed¹³.

As of 1 July 2008 pensions will be updated according to the so-called “golden Swiss rule”. The amendments to the Social Security Code (SSC) which entered into force at the beginning of 2007¹⁴ put into effect the decision pensions' indexation to be carried out in the middle of the year, and according to a formula comprising of 50% of the increase in the consumer price index and 50% of the insurance income growth during the previous year. The new formula will allow for higher contribution of the insurance income to the increase of pensions.

¹¹ Within the Ministry/State Agency, between them and the Ministry of Finance, the Council of Ministers and the National Assembly

¹² Art. 6 (1) in the Social Security Code, prom. SG 77/25.09.2007, in force since 1.10.2007

¹³ Am. in Art. 70 of the SSC, prom SG 57/14.07.2006

¹⁴ SG 105/22.12.2006, in force since 1.01.2007

In addition, as of 1 January 2007 the amount of the minimum pension for length of service is to be determined each year in the Law on the Public Social Security Budget (PSS). A minimum standard for determining the old age social pension has been actually introduced since 1 July 2007 and it is not less than 45% of the poverty line for the country.

- 16) A “Silver” Demographic Reserve fund¹⁵ has been created with a view to improving the financial sustainability of the pension system; the first funds were transferred thereto within the time period established by the 2007 Law on the State Budget¹⁶ (by end May 2007). A draft law on the Silver Demographic Reserve Fund is included in the legislative agenda of the Council of Ministers for the second half of 2007. Under its stipulations, a new mechanism is to be adopted providing for using resources from privatization to reinforce the pension security system and ensure resources for the Silver Fund; in addition to the privatization receipts it will be fed by 25% of state revenue from concession fees and licenses, and not less than 10% of the budget surplus for the relevant year.
- 17) The legislative changes which regulate the activity of the pension **funds for supplementary voluntary pension insurance under professional schemes** have been adopted¹⁷. They enable employers to additionally insure their employees on the basis of a collective labour agreement and the employees will have the opportunity to receive higher pensions in future without jeopardizing the fiscal sustainability.
- 18) The final draft of the National Health Strategy 2007 - 2013 was prepared at end-September 2007.

The draft Strategy envisages the health establishments to be accredited by an independent organization outside the administration of the Ministry of Health (MH), whereby the accreditation practice of the European countries is introduced and the subjectivity factor in assessment is avoided.

A change to the National Health Card which will be of obligatory nature for attaining the healthcare network restructuring according to the population needs of hospital medical care and the expedient spending of the public resource is also envisaged.

Another key aspect of the draft Strategy is the proposal for withdrawing the prohibition on privatisation of health establishments, thus for updating the list of health establishments prohibited for privatization. It includes all university hospitals, the regional multi-profile hospitals for active treatment, the specialized hospitals of national and local importance and the specialized hospitals for rehabilitation. The strategy envisages the cash receipts from the privatization of detached parts of the health establishments to remain in their possession and to be used only to finance an activity or to make investments directly related to the object of activity.

The financial sustainability of the national healthcare system will be ensured by means of gradual increase of public funds intended for healthcare. These are also needed in view of ensuring modern medical appliances and equipment.

Enhancement of the possibilities for more effective participation of non-governmental organizations in healthcare financing activities is also envisaged.

A new aspect of the National Health Strategy as regards the improvement of the model of mandatory health insurance is that the National Health Insurance Fund (NHIF), the Bulgarian

¹⁵ State Fund for Guaranteeing the Sustainability of the Public Pension System (Fund for Demographic Reserve in support of the financing of the Public Social Security)

¹⁶ Para 15 of the Transitional and Concluding Provisions

¹⁷ Am. in SSC, prom. SG 56/11.07.2006, in force since 1.01.2007

Medical Association (BMA), MH, and medical care providers are to set global budget parameters for each health establishment for in-hospital treatment for the relevant financial year, based on certain objective criteria. The document also envisages limitation of the possibility for doctors to work in more than one hospital, while taking into account the need of ensured access and work in remote and hardly accessible areas. A limitation is introduced for conclusion of contracts with new counterparts, structures, and units in the course of execution of the NHIF budget for the current year.

With regard to the development of the voluntary health insurance the draft strategy provides that voluntary health insurance companies are to cover the costs for medical services not paid by NHIF. Legislative changes targeted at discontinuing the non-licensed health insurance activity of health establishments (subscription service) and overlapping activity of insurance companies will also be implemented.

The discussion and approval of the draft National Health Strategy 2007 - 2013 by the Council of Ministers is forthcoming.

Challenge 2: Modernization and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure

- 19) The integrated communication infrastructure for the needs of the public authorities will be set up by the end of 2008, for which EUR 8 million direct budget costs have been allocated. As a result, it is expected that the number of connected regional centres will increase from 19 in mid-2007 to 28 at the end of the period.

By the end of 2009 the National Network of Centres for Public Access to Internet by Settlement will be expanded in view to narrowing the gap between the civil society in Bulgaria and the information society. This will be achieved by means of improving the technical and information skills of Bulgarian citizens and businesses in remote and scarcely populated areas, and by facilitating the information flows thereto. The direct budget expenditure is estimated at EUR 6 million. At the end of the period the number of municipalities possessing telecentres is expected to increase from 107 to 264.

Funds for building up an infrastructure for broadband access to Internet services as well as for developing information and communication services in scarcely populated and underdeveloped areas are also envisaged under Operational Programme “Regional development” and amount to EUR 20.016 million for the seven-year period.

- 20) Projects for improving the rural areas infrastructure will be launched after the EC approval of the 2007 - 2013 Rural Development Programme. A similar measure is also implemented under the SAPARD Programme. The Ministry of Agriculture and Food Supply (MAFS) estimated the direct budget costs (at current prices) at EUR 32.6 million for the period 2007 - 2009. At the end of the Programme implementation period – in 2013, it is expected that in the rural areas 650 km of roads and 550 km of water supply and sewerage networks will be improved; in addition, 320 thousand persons from the population will benefit from the improved services.
- 21) The regional and local roads will be improved with the financial support of the European Funds, and the direct budget expenditure on part of Bulgaria will amount to EUR 9 million for 2008. The implementation period of the measure is from the beginning of 2007 till 2013.

- 22) The launched infrastructure projects for **modernization of the transport infrastructure on the most important directions** with European and national importance are already being implemented. The Sectoral Operational Programme “Transport” 2007 - 2013 (SOPT) is in process of finalization and the preparation of the projects planned for financing under SOPT has started. The analysis of the expedient use of the PPP (concessions) approach in building-up, operating and maintaining the “Black Sea” and “Hemus” Motorways has already started. The Ministry of Finance has developed “Methodical Instructions for PPP” which are to assist public authorities in preparing the analysis of the expedience of PPP models’ use, with project assessment tools being attached to the instructions.
- 23) The launched infrastructure projects for **ensuring safe, secure and environment-friendly transport system** are already being implemented. Their purpose is to bring the rail and road networks, the ports and airports in line with international requirements and standards. The direct budget expenditure for the period 2007 - 2009 is estimated at EUR 5.4 million.

In 2007 direct budget expenditure to the amount of EUR 2.7 million is earmarked for building-up and developing the energy infrastructure.

Challenge 3: Improving the business environment (including better regulation, implementation of Internal Market legislation, competition and key priority actions identified at the 2006 Spring European Council)

- 24) The required institutional arrangement has been established to adopt a **Better Regulation Programme**.

Based on a proposal of the Economic Growth Council (EGC)¹⁸, the Council of Ministers adopted at a meeting in August 2006 **Measures Introducing the Principles of Better Regulation**.

These measures are aimed at setting up a clear regulation for interaction among the bodies of the executive power and the business organizations when implementing the Government’s policy in the field of regulation. They foresee to set up a practice of analysis and monitoring of the areas of legislation and enforcement that seem to be problematic for economic agents through ex-ante and ex-post assessments of the impact of the legal acts. Making impact assessments allows for having a dialogue with all stakeholders, greater transparency of the Government’s actions and abiding by the principle of legitimate expectations.

As a result of the Measures Introducing the Principles of Better Regulation, adopted by the Council of Ministers, the following activities are being implemented in 2007:

¹⁸ The Economic Growth Council (EGC) was established by Decree No 150 of the Council of Ministers of 18 March 2002 as a consultation body to the Council of Ministers within the meaning of Article 45 of the Rules of Procedure of the Council of Ministers and the administration thereof which was adopted by CMD No 216 of 12 October 2005, promulgated in issue 84 of the State Gazette of 21 October 2005, as amended by issue 89 of 8 November 2005, effective as from 1 January 2006, amended by issue 92 of 18 November 2005, amended by issue 19 of 2 March 2006, supplemented and amended by issue 48 of 13 June 2006, effective as from 1 May 2006, supplemented by issue 54 of 4 July 2006, effective as from 1 July 2006, supplemented and amended by issue 55 of 7 July 2006, issue 71 of 1 September 2006, amended by issue 81 of 6 October 2006. The Council develops projects promoting investment activities, organizes the interaction among the bodies of the executive power and business representatives, adopts and makes recommendations on issues related to the overall economic development of the country. The chair of the EGC is the Minister of Economy and Energy.

On the basis of a sociological survey made at the end of 2006 on “Regulatory Regimes That Are Most Problematic for the Business”, detailed expert studies of the most problematic regimes including specific measures for alleviation thereof were made in the first half of 2007 with the analytical and advisory assistance of World Bank experts. The experience and the good practices of implementing analogous or similar regulatory regimes in countries with well-developed market economies were explored. The EGC discussed the consultants’ report.

A draft Better Regulation Programme has been developed. It is expected to be adopted by the end of 2007.

The members of the EGC review the operational and legislative programme of the Council of Ministers and specify the enactments for which an impact assessment will be assigned. An impact assessment has been made so far of three out of the seven draft laws specified by the EGC. These activities are performed with the active support of the USAID. The purpose was that these first impact assessments be used as a model for the further systematic introduction of impact assessments in the legislative practice. Impact assessments were passed at a meeting of the EGC in line with item 5 of the *Measures Introducing the Principles of Better Regulation* and were submitted to the Council of Ministers by the chair of the EGC.

- 25) The entry into force of the **Law on the** adopted in April 2006 **Commercial Register** has been postponed for 1 January 2008. It provides for the establishment of a new electronic commercial register with the Registry Agency by transferring the existing commercial register kept by district courts. One of the consequences of carrying out the registry reform will be to discharge courts from any atypical activities, thus allowing the improvement of their direct justice activity. This will mitigate and accelerate traders’ registration by the implementation of a single procedure, reduction of the registration period to 1 day and payment of a single charge. The direct budget costs envisaged for the implementation of this measure will amount to EUR 17.8 million.
- 26) By the end of 2008 there will be an improved service at border checkpoints (BCPs) through the one-fiche payment system.

On 5 November 2006 the Council of Ministers approved amendments to the Ordinance on the Border Checkpoint. The amendments provide for the introduction of the “one fiche” at all road border checkpoints at the EU external borders. The aim is to increase the traffic capacity of border checkpoints, improve the quality of service, ensure state receivables and simplify and unify the procedure of payment thereof.

First October 2007 was the deadline for a public procurement call of the Ministry of State Administration and Administrative Reform for equipment for the operation of the software system under the Integrated Local One-fiche System Project. Four bidders applied for the procurement.

The integrated system is being introduced at 11 road border checkpoints that are at the EU external borders. The aim is to ensure a constant and reliable operation of the system, including archiving data within each border checkpoint so as to make easier the passage through border checkpoints, the control over and the payment under the one-stop shop system, as well as to ensure the collection of state receivables.

In order to implement this measure, direct budget costs of EUR 820 thousand have been envisaged.

- 27) Introduction of the one-stop shop

In September 2006 the Council of Ministers adopted an Ordinance on the General Rules for Administrative Service Arrangement. It regulates the operation of administrative service

structures by providing a description of the one-stop shop principle, as well as the functions of the administrative service structures. Administrations shall be obliged to ensure ex officio all the documents issued thereby that are required for each service delivered, as well as documents from other administrations, where such an option is provided.

The administration's staff is obliged to reply to mail or e-mail inquiries in a 7-day period, and in a 14-day period in the cases where an on-the-spot check or an opinion of another administrative body is required. The time spent on waiting for the receipt of information or document processing should be not more than 20 minutes.

A List of Unified Administrative Service Names has been endorsed which will make the communication between the various administrations easier and will also be used for the various electronic registers on the basis of which the e-government will be functioning.

A Methodology for Consumer Satisfaction Survey and Measurement was adopted and approved in June 2007 regulating the obligation of all administrations to conduct a survey of and measure the degree of satisfaction of administrative service consumers at least once a year.

As of the end of 2006, the one-stop shop service had been applied in 79% of the central administration, 100% of the regional administration and 77% of the municipal administration.

A project has been implemented thus far to support 60 municipalities for introducing one-stop shop service by providing software and peripheral devices thereto.

Besides, a PHARE project has been implemented that includes a component for improvement of the existing one-stop shops through an integrated delivery of services. Four pilot municipal administrations are developing and introducing an administrative service integration model. At the end of 2006 the integrated service delivery was at a testing stage. A mechanism has been established to integrate the legislative, operational and financial aspects of partnership among administrations for the delivery of integrated services.

A PHARE project, aimed at improving the quality of services delivered by small and medium municipalities, is to be implemented in 2008 - 2009.

Challenge 4: Improving the quality of human capital through improved access of all to quality education and training (including lifelong learning) with a view to increase productivity and better match skills with labour market needs

- 28) In regard to the prevention of the process of pupils' drop-outs and the decrease of their share to 15% in 2009, the elaboration of a draft programme containing measures for **prevention of drop-outs in the mandatory school age** is at an advanced stage.

Furthermore, the call for proposals for the Establishment of Favourable Multicultural Environment for Practical Implementation of Intercultural Education and Upbringing Programme has been launched since August 2007. This programme will be carried out within the Operational Programme Human Resources Development. It is aimed at reducing the number of drop-outs and of children and pupils, who are not covered by the educational system or are from ethnic minority groups, and at providing for the successful integration

thereof through getting to know the cultural differences and bridging over discrimination. National co-financing under the programme amounts to EUR 427.5 thousand. The programme will be implemented in 2008 - 2009 and will also contribute to the decrease of the drop-outs percentage.

The call for proposals for the programme “To Make School Attractive to Young People” has also been launched in this same period. This programme will also be carried out within the Operational Programme Human Resources Development and is aimed at providing conditions for making pupils spend wisely their leisure time and for adequate social realization, as well as at increasing the attractiveness of school and preventing drop-out. The national co-financing under the programme amounts to EUR 748 thousand.

- 29) The purposeful efforts to build a **system for standardized external evaluation** have been one of the 2007 focal points. These efforts were manifested in the monthly competitions held for the creation of tests and competitions for solving tests in Bulgarian language and literature and mathematics for pupils in 7th grade. A new format (test format) has been successfully launched for the examination in Bulgarian language and literature and mathematics for pupils who enrol for public and municipal schools after graduating 7th grade.

External evaluation of the knowledge and skills of all fourth-graders country-wide (67 000 pupils) was organized and made in May for four school subjects – Bulgarian language and literature, mathematics, man and nature, and man and society, in view of measuring the fulfilment of the educational requirements (standards) after primary education.

In June, for a fifth consecutive year, an external evaluation of the foreign language proficiency after the 8th grade was carried out. For the first time, however, not only pupils from specialized high schools but also pupils from vocational schools were evaluated for their foreign language competence.

For a sample of 4 500 pupils’ trial state matriculations was organized and held in 14 school subjects.

At the end of the school 2007/2008 year there will be real state matriculations introduced for all pupils finishing their secondary education.

- 30) In relation to measure 31, topics like “Home Design” and “Crafts and Contemporaneity” within the subject “Home Techniques and Economics” have been set for the gradual introduction of the new 6th-grade curriculum. They will help pupils gain knowledge about certain professions, how to establish a company as a mandatory requirement for performing manufacturing activities and public utility services, as well as gain basic skills at using money and various incentives in a familiar manufacturing.

The vocational syllabus for the 12th grade includes topics on the possibilities for professional realization and career development through inclusion in continuous vocational training.

- 31) In implementing measure 32 a draft Life-long Learning Strategy is being elaborated. It will upgrade the Continuous Vocational Training Strategy adopted in 2005. With regard to its implementation, in 2007 a summary has been elaborated on the degree of labour market realization of pupils who finished school in 2005/2006 school year. This summary was took account of school, region and the entire country. The analysis of this information will be considered when drafting the admittance plans for the vocational schools for 2008.

A Methodology on Adult Training has been circulated in 400 vocational high schools and other schools, as well as in 300 professional training centres.

The equipment needed to conduct continuous vocational training in 7 vocational schools has been modernized.

Teams of school representatives have been trained in elaborating projects on the absorption of resources for vocational training from the European Social Fund.

- 32) In relation to measure 33 in the annexed table, a Higher Education Development Strategy will be adopted by 2009. The Ministry of Education and Science has initiated an open discussion of the main focal points of the future strategy. It has also arranged a number of meetings and public discussions with higher schools, students and representatives thereof, with business representatives, with the Higher Attestation Commission and the National Evaluation and Accreditation Agency, with the political parties and the Education and Science Committee at the National Assembly. The draft strategy is almost finalized, with some controversial questions being worked out, such as the financing model for the system, the system of scientific degrees and academic ranks. Measures have also been taken to respond to the challenges to the higher education system in the context of the EU requirements. Amendments to the Law on Higher Education have been made providing for competition among higher schools in Bulgaria as an important prerequisite for improving the quality of education. All the amendments may be summarized as amendments to the model of higher education financing; to the institutions offering higher education; to the management of higher schools; to accreditation and the education quality control system.
- 33) In relation to measure 33 in the annexed table, the call for proposals for the Support for the Development of PhD Students, Post-PhD Students, Post-Graduate Students and Young Scholars Programme was launched in July 2007. The programme will be carried out within the Operational Programme Human Resources Development. The national co-financing under the programme will amount to EUR 300 thousand.
- 34) In relation to measure 31 in the annexed table, the call for proposals for the Elaboration of Mechanisms for School and Student Practices Programme was launched in July 2007. The programme will be carried out within the Operational Programme Human Resources Development. The national co-financing under the programme will amount to EUR 300 thousand.
- 35) The call for proposals for the Qualification Services and Training for Employed Persons Programme has been launched since August 2007. The programme will be carried out within the Operational Programme Human Resources Development. The direct budget costs have been estimated at EUR 18 million.
- 36) In view of **improving the quality and effectiveness of professional training financed by active labour market policy funds**, since March 2007 new Methods for evaluation of proposals for professional qualification training organized and funded by the National Employment Agency have been applied. Higher requirements to the trainers, to the quality of the syllabus and the methods of teaching adults are introduced in view of providing knowledge and skills to the unemployed, increasing their employability, and supporting their successful realisation on the labour market. Enhancing the quality of adults training is also supported by the Methodological Guidelines to Teaching Adults developed under the Professional Qualification Project, which will be used by trainers, social partners and organizations.
- 37) In view of **tracing the effect from training and developing future measures and training programmes that correspond to labour market needs**, the three Bulgarian and German centres for professional training within the Ministry of Labour and Social Policy and the National Revenue Agency signed in 2007 cooperation agreements for granting information on

the number of employment contracts signed by persons who successfully accomplished their training.

In order to further trace the professional realization of the persons who successfully accomplish their training courses, the results of a survey, conducted by the National Employment Agency to evaluate the effect from professional qualification and determine the effectiveness of professional qualification costs, will be ready by the end of 2007. The conclusions and the recommendations of this survey will be used to improve and refine the process of development and implementation of the initiatives for gaining professional qualification and enhancing the effectiveness of the training conducted;

- 38) As part of the efforts to develop a **National Training System for Professional Qualification of Unemployed and Employed Persons**¹⁹ and in order to ensure better access to quality professional training for those persons, the Ministry of Labour and Social Policy has arranged and coordinates the establishment of two new Bulgarian-German centres for professional training in tourism and hotel management to be equipped with the financial assistance of the German government. These centres will be established on the basis of the model of the three existing Bulgarian-German centres for professional training and will contribute to improving the supply of high-quality professional training.
- 39) By the end of 2009 the Ministry of Labour and Social Policy and the Ministry of Education and Science will be working jointly to set up a **National System for Monitoring and Forecasting Demand of Labour** with certain qualitative characteristics. Methods for studying, analyzing and identifying the training needs of employers and employees were drafted in 2006 under the PHARE programme. A national representative survey on the employers' demand of labour with certain qualifications was conducted. 2 019 companies with over 5 employees (small, medium-sized and large companies) were surveyed in the period February-April 2007. The results were used to update the List of Professions/Specialties, which the National Employment Agency uses for training of unemployed persons aimed at attaining new professional qualification. Thus, preventive measures are taken to react against the shortage of labour force with certain qualification.
- 40) The first **grant scheme for the training** of employed persons has been launched under the Operational Programme Human Resources Development, and another one for the training of unemployed persons will be launched at the beginning of 2008.

Challenge 5: Activating labour supply and improving labour market flexibility

- 41) The Law on Employment Promotion will be supplemented and amended by the end of 2008, thereby expanding the scope and the options for financing active labour market policies, as well as introducing the legislative regulation of temporary employment agencies.

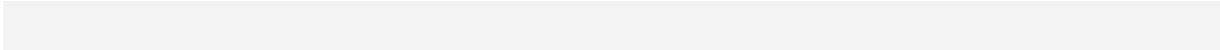
The working group consisting of all stakeholders has already started drafting the Law on the Amendment in the Law on Employment Promotion.

- 42) The Ordinance on the Structure and Arrangement of Wages has been in force since July 2007.

¹⁹ In accordance with Article 58, sub-paragraph 2 of the Employment Promotion Law

It outlines the structure and arrangement of wages, the types and the minimum additional remuneration for length of service, the procedure and manner of calculating the salary of workers and employees. It amends the so far existing mechanism for determining the additional money for length of service and professional experience. This additional remuneration shall take into account the length of service of the employee gained at another enterprise at a similar or the same job or profession, i.e. the additional money for length of service will be received only when performing similar jobs or professions. The implementation of the Ordinance will be controlled by the General Labour Inspectorate Executive Agency.

- 43) On the basis of the Interim Implementation Assessment, the Employment Strategy of the Republic of Bulgaria will be updated by the end of 2007. The A project on Employment Strategy of the Republic of Bulgaria: Implementation Assessment and Future Development, supporting the activities for the update of the Strategy is being carried out with the financial assistance of the EC. A working group consisting of social partners, institutions and other stakeholders has been established. External experts are assessing the effects of the implementation of the Strategy relating to macroeconomic development, regional disparities, equal labour market treatment of men and women. In order to put this measure into practice direct budget costs of EUR 20.74 thousand will be needed.
- 44) In order to respond to the growing labour force demand of the Bulgarian economy, amendments were made to the content and the scope of 10 of the existing programmes to address more adequately the needs of the unemployed and the employers, and to have sustainable results as to employment and professional training. 14 new regional and sectoral programmes for improvement of the professional qualification and labour market adaptability of unemployed and employed persons are being implemented.
- 45) In order to stimulate active labour market behaviour among the unemployed people subject to social assistance benefits, as of June 2006 bonuses have started to be paid to those unemployed, registered with the local employment offices, who have found a job without the intermediation of the National Employment Agency. Thus, since the launch of this measure, bonuses were paid to 220 persons in 2006, and to 236 persons in the first half of 2007.
- 46) In order to attract the inactive persons to the labour market, the National Employment Agency has organized labour market events in various regions of the country where the unemployed meet employers directly. 3 general and 11 specialised labour market events were held during the first half of 2007. Two of the specialized labour market events were held in regions with dense Roma population, one within the EURES network, and the remaining – in hotel management and tourism, construction, tailoring industry, etc. In result of the direct contact between employers and job seekers, 2 473 people have found a job.
- 47) 126 498 persons were included in **employment and training programmes and measures** during the period January-August 2007, which is on average 41.4% of all the unemployed registered in this period. 33 535 persons were included in professional training courses, while 92 963 unemployed were included in active measures and programmes.
- 48) An **assessment of the net impact of 19 active measures and programmes** is ongoing within the Human Resources Development and Employment Promotion Project under the PHARE programme. These measures and programmes cover a very extensive scope of actions supporting the employment, self-employment and professional training of the unemployed. The results of this survey will be ready by the end of November, i.e. before the adoption of the National Employment Plan for 2008, which will allow for taking full account thereof when drafting the plan.

- 49) The key employment policy priorities for 2008 will be aimed at improving the integration of unemployed persons without education and qualification in the labour market by providing education and professional training thereof. In order to ensure greater labour force flexibility and adaptability to labour market requirements, options for funding the training in key skills (PC skills, command of foreign languages, etc.) will be regulated. The possibilities for professional training of employed persons through acquiring knowledge and skills corresponding to new job requirements will be expanded and employers will be supported when including employees in continuous professional training. Actions will be taken to improve labour market flexibility, given its extremely dynamic development. The incentives for enhancement of the territorial and professional mobility of labour force will be expanded. The activities of temporary employment agencies that hire workers and offer them to various enterprises will be regulated.
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4. 2006 SPRING EUROPEAN COUNCIL PRIORITY ACTIONS

First Priority Action: Investment in Knowledge and Innovation

50) Establishment of offices for technological transfer

Resulting from the fulfilment of the technical assistance contract to the amount of EUR 199 000 as a component of a PHARE project, an analysis was made as of 31 May 2007 of the existing R&D organizations in terms of the potential for transferring new knowledge towards businesses. A concept paper on the structure, activities, tasks, responsibilities and the legal basis of the offices for technological transfer was elaborated. A Guide and templates of the documents describing specific services offered by the offices for technological transfer were also elaborated. Six seminars aimed at enterprises and branch organizations were held to present the National Innovation Strategy, the activities of the future offices for technological transfer as well as the opportunities for funding innovation projects under national and EU programmes. 9 such offices are expected to start operating as of the end of 2008, with direct budget costs amounting to EUR 114 thousand.

51) In 2007 390 projects were submitted to the Scientific Research Fund and the budget of the latter was raised to EUR 7.5 million. 6 competition schemes of the Scientific Research Fund were finalized in 2007 which aim at development and modernization of scientific infrastructure, promotion of scientific research within universities, support to PhD students and young Bulgarian scientists for career development and specific grants for the preparation of projects under the Seventh Framework Programme. All competitions were evaluated by International Expert Committees.

The launch of a second competition scheme for promotion of research projects and scientific networks and modernization of the scientific infrastructure in priority areas is due. A pilot competition will also be launched for strengthening the link between science and business for young scientists preparing PhD thesis in company structures.

The direct budget costs will be amounting to EUR 28 million in the period 2007 - 2009.

52) The financing of scientific and applied research for manufacturing companies through **grant schemes under the National Innovation Fund** is aimed at increasing the extremely low share of innovative SMEs in our country at the end of 2006.

Since the establishment of the National Innovation Fund in 2005, 3 competition sessions were held until 30 June 2007 and a total of 188 contracts for funding the following types of projects are being implemented:

- Scientific and applied research projects – for these projects the maximum grant amounts to BGN 500 000, with the term for implementation being up to 3 years. The grant for research costs is up to 50 per cent, while the grant for development costs is up to 25 per cent.
- Feasibility/pre-feasibility studies – any projects of pre-feasibility study nature are allowed to a grant of up to 50 per cent for the costs incurred. The maximum grant amounts to BGN 50 000 and the term for implementation is up to 1 year.

The budget of the National Innovation Fund was around EUR 3.6 million in 2006, while in 2007 it is EUR 6.14 million. According to the calculations of the Ministry of Economy and Energy, direct budget costs will reach EUR 36.8 million in the period 2007 - 2009.

- 53) A PHARE Project BG 2005/017-586.04.02 Initiatives for Cluster Development, Stage II, has been launched since the third quarter of 2007. It will support already existing or newly arising clusters through investment, consultancy services and training, with two clusters already been supported thus far. Until the middle of 2009 6 - 10 clusters are envisaged to be project beneficiaries. Direct budget costs for the implementation of this initiative are estimated at EUR 0.6 million.
- 54) The Ministry of Economy and Energy plans to implement a **scheme for support of the transfer of knowledge to enterprises („voucher scheme”)** in 2008. It will be aimed at providing technological knowledge to enterprises from higher schools and scientific organizations, with its main objective being to stimulate the links between science and business. Micro-, small or medium-sized enterprises will be supported under this scheme. Proposals from enterprises for solving problems of applied nature through acquiring knowledge related to the innovation of products, processes and services will be admitted for financing under the scheme. Two types of subsidies will be granted – to the amount of BGN 5 000 and to the amount of BGN 15 000²⁰. When the enterprise applies for the grant of BGN 15 000, it will have to provide a co-financing of 20%. This measure will be administered by the Bulgarian Small and Medium Enterprises Promotion Agency.

As a result of the implementation of this measure, by the end of 2010 225 companies are expected to be supported with grants of up to BGN 5 000 and up to BGN 15 000 respectively.

Direct budget costs of EUR 2.3 million are envisaged, while this amount increases annually by EUR 0.256 million starting from EUR 0.511 million in 2008 up to EUR 1.023 million in 2010.

- 55) The Ministry of Economy and Energy plans to hold in 2008 a **national competition for the financing of eight starting-up companies of students and 2006 and 2007 graduates**. This competition will be aimed at enabling young people with viable and long-term business ideas to establish a business of their own. The eight approved business plans will be granted with up to BGN 20 000²¹ each. The measure will be administered by the Bulgarian Small and Medium Enterprises Promotion Agency. The direct budget costs for 2008 will amount to EUR 85.9 thousand.
- 56) The implementation of the project proposal ‘Establishment of an Innovation and Entrepreneurship Network in Bulgaria in 2008’ will promote the **interaction and the partnership among the elements of the innovation system** by supporting the establishment and development of partnership and cooperation among the public administration, high schools, scientific organizations, enterprises and all stakeholders by establishing the links between them, and will support the planning of new instruments for the promotion of innovation and entrepreneurship.

For the implementation thereof funds from the 2008 programme budget of the Ministry of Economy and Energy will be used.

²⁰ EUR 2 556 and EUR 7 669 respectively.

²¹ EUR 10 226

Second priority action: Promotion of SMEs and entrepreneurship

- 57) By mid 2007 the budget has supported **580 projects for technical assistance for SMEs**, with a total amount of EUR 0.5 million.
- 58) Support for 540 **investment projects of SMEs**, under the three phases of a multiyear PHARE project. Presently Phase 1 is being implemented, Phase 2 is in the process of evaluation of project proposals and Phase 3 is expected to start. The finalization of the implementation of this measure is envisaged for mid 2009, the estimates of direct budget spending on it being EUR 6.685 million.
- 59) One newly established and four operating **Centres for entrepreneurship at the high schools in Bulgaria** are already in place in 2007. Every Centre has a two-year financing cycle. The direct budget costs for this purpose for the period till 2009 are estimated to be EUR 0.690 million.
- 60) Two of the five **Educational companies** for entrepreneurship, planned to be created in 2007 at the **secondary vocational schools** have already been established. The number of Educational companies to be created in 2008 is seven, and in 2009 – nine. The direct budget costs will be EUR 0.460 million.
- 61) As a result of delivered **training** of entrepreneurs (by regions) **and extended grants for starting businesses**²² – micro- and small enterprises – 47 micro- and small enterprises were started and 200 entrepreneurs were trained in 2006. Another 210 micro- and small enterprises are expected to start in the period 2007 - 2009 and the number of entrepreneurs to be trained will be 720. According to the estimates the direct budget costs for this project will be EUR 2.81 million.

Third priority action: Raising employment opportunities for priority groups (target groups)

- 62) With a view to integrating the vulnerable groups in the labour market, in 2007 the Ministry of Labour and Social Policy is implementing a number of programmes, aimed at providing employment opportunities for 50 950 unemployed from the target groups:
 - National Programme “From Social Assistance to Employment” (FSAE). The approach applied in selecting the unemployed to be included in the Programme was modified in 2007. The selection starts with unemployed persons who receive unemployment benefits and have shorter periods of registration at the labour offices. They will thus continue raising their professional knowledge and skills, which is an effective prerequisite for finding a job on the primary labour market, even with the same employer. 31 762 persons have been working under this programme in the period January – end of August, 2007.
 - National programme „Assistants of Disabled Persons” – secures employment of unemployed people capable of providing good quality home care to disabled

²² Under the project „Promoting employment through support for the business” – JOBS, a component of „Creating competitive starters” – Project 100.

people, single seriously ill and old persons, thus assisting their social integration. The financed activities contribute to reducing the number of disabled persons to be accommodated in specialized institutions and to opening jobs in the area of social assistance services. A series of changes were made in the activity “Social assistant” in 2007. The principle of co-financing was introduced and this activity is now financed from the state and municipal budgets and from the monthly fees, paid by the service users. A total of 13 058 persons participated in this programme in the period January - August, 2007.

- Beautiful Bulgaria Project is being implemented in over 140 municipalities, presently the works going on 207 sites and involving a total of 3 447 persons (employed - 2 318 people and 1 129 persons undergoing training).
- Programme “In Support of Motherhood” started in January, 2007. It allows mothers to return to their workplaces by employing unemployed persons to help them upbringing their children. This allows for a smooth transition of mothers in the period after childbirth and the return of mothers to the labour market. The programme includes mothers/adoptive mothers entitled to a paid leave for upbringing a child to the age of two, entitled to compensation pursuant to the Social Security Code, as well as self-employed mothers, entitled to “motherhood” leave. “Nannies” are unemployed persons, registered with the labour offices. Data of the Employment Agency show that as of 31 August 2007 345 mothers have benefited from this service and have returned to their work-places. The number of newly included in the programme unemployed in the period January-August is 351.
- The programme „Start of Career” – provides opportunities for young people to be employed at the administration (ministries, agencies, district and regional administrations and units) immediately after graduation. The implementation of this programme facilitates the transition of the young people from the educational system to the work place and prevents the loss of qualification and knowledge of young people with university degree. The number of persons employed under the programme during the period under review was 373.²³
- The national programme “Assistance for Retirement” – provides employment for persons in pre-retirement age. The scope of the programme was changed in 2007 to reflect the improving socio-economic situation in the country and the increased employment opportunities on the primary labour market. Now eligible to be included in the programme are the registered unemployed, who are short of up to 5 points to reach the statutory sum of social security length of service and age, entitling them to a pension. In January-August under the Programme were employed 4 589 people on average. The direct budget costs on these programmes amount to EUR 74 million; EUR 27.5 million have already been spent.

²³ The professional realization of the young people is also supported through other activities for promotion of career development and facilitation of the transition from school to employment. The implementation of an agreement between the Ministry of Labour and Social Policy and the President’s administration assists the professional realization of parentless young people. The graduates from the homes for children deprived of parental care, most of who usually study in vocational schools, are assisted with tailored services provided by the labour offices in the form of training, apprenticeship or subsidised employment to help them find realisation on the labour market.

- 63) Incentives have been created for persons who have reached retirement age, but do not receive pensions and are still working and wish to continue working. They receive a bonus of 0.5% for each additional year of social security length of service added to the pension formula (on the basis of which the size of the pension for length of service and age is determined).
- 64) 20 039 persons found employment in the period January - June, 2007 as a result of the measures pursuant to the Employment Promotion Act, aimed at promoting employment by providing incentives to the employers to hire unemployed persons. The direct budget expenditure for this purpose is estimated to be EUR 10.32 million (EUR 5 million has already been spent).
- 65) Training has been provided for 27 500 unemployed (vocational training and/or motivational training) with a view to enhancing their employability. Out of a total of EUR 8.6 million direct budget costs envisaged for this purpose, EUR 1.8 million have been spent to date.
- 66) The elaboration and introduction of a System of indicators for monitoring of the National Action Plan for the initiative “Decade of Roma inclusion 2005 - 2015” is in the pipe-line.
- 67) The well focused policies form the basis for the improved prospects of the unemployed from the target groups to find employment on the labour market. In the period December 2006 - August 2007 data show that:
 - The number of unemployed young persons under 29 years of age has dropped down by 29%;
 - The number of long-term unemployed was reduced by 23.3%;
 - The number of disabled unemployed was reduced by 11.6%;
 - The number of unemployed at the age over 50 years was reduced by 13.4%.
- 68) The creation of new jobs is also supported by purposeful assistance for enhancing entrepreneurship. The project “Employment through Support for the Business” – JOBS provides assistance to businesses and agricultural farms, by creating and strengthening a network of 42 business centres, 10 of which have business incubators. The construction of yet another business centre – 43rd – started in Pleven in 2007. The project supports the establishment and development of micro- and small companies and promotes the creation of permanent jobs in municipalities with high unemployment rate. Employment was provided for 3 224 persons and 4 275 persons were trained in the first half of 2007. The business centres apply a micro-financing scheme in the form of financial leasing to the amount of BGN 25 000. Such loans are extended against the requirement for opening of new jobs. 195 companies were approved for funding under this scheme in the first six months of 2007.

Fourth priority action: Reforming the energy market

- 69) The first three-year (2008 - 2010) action plan to implement Directive 2006/32/EC and determine an intermediary indicative objective for energy efficiency at the end-users has been drafted; it was based on a preliminary analysis of the current energy efficiency in Bulgaria. Intermediary indicative objectives were determined. The plan has been approved by the Council of Ministers on October 4, 2007, and has been submitted to EC. Its implementation is expected to ensure energy saving of 1% per year on average using as a baseline the end users data for the period 2001 - 2005.

- 70) Pursuant to CoM Decision № 260/08.04.05 the construction of NPP Belene is to start in the beginning of 2008. No direct budget costs are envisaged for this; the possibility for using government guarantees to the amount of EUR 100 million or obtaining funding from EU programs is being discussed.
- 71) The Law on Renewable and Alternative Energy Sources and Biofuels was enacted and promulgated in SG Nr. 49/19.06.2007. The drafting of the secondary legislation associated with this law is in the pipe-line. The implementation of the law is expected to result in reaching the target of 11% share of the electricity generated from renewable energy sources (RES) in gross domestic energy consumption by 2010, should there be favourable climatic conditions for that.
- 72) **Specialized credit facilities** are used from the beginning of 2007 through 2010 to fund projects for electric power generation with RES.
- 73) A working group set up at the Ministry of Economy and Energy, has drafted a National Strategy for Sustainable Development, subject to approval by the CoM.
- 74) As of July 1, 2007 there were 129 permits for greenhouse gas emissions, issued to operators, participating in the trade with quotas for greenhouse gas emissions. The consistent implementation of this measure till the end of the programme period will guarantee the fulfilment of the target of 8% reduction of the greenhouse gas emissions as per the Kyoto Protocol.
- 75) The work aimed at creating a National Register of Transactions with Emission Quotas started in 2007. To this purpose a total amount of EUR 36.8 thousand direct budget spending is envisaged till 2009.
- 76) As of 1 July 2007 there were eight signed MoU, aimed at reducing the greenhouse gas emissions. Seventeen “Joint implementation” projects were approved, which guarantees the achievement of the objective pursuant to the Kyoto protocol to reduce greenhouse gas emissions by 8%.

5. CONTRIBUTION OF THE STRUCTURAL AND THE COHESION FUNDS TO THE IMPLEMENTATION OF THE NATIONAL REFORM PROGRAMME.

The common regulation on the Structural and the Cohesion Funds (SCF, Council Regulation № 1083/2006) has set a requirement for each Member State (MS) to develop its National Strategic Reference Framework (NSRF), which outlines the strategy for development and the priorities of the MS for the programme period 2007 - 2013, which will be co-financed from the Structural instruments of the EU. The objectives and priorities will be achieved through the implementation of the Operational Programmes (OPs), co-financed by the SCF. Bulgaria has successfully completed this task and the Bulgarian NSRF has been officially approved by the European Commission on 22 June, 2007. Bulgaria has developed a total of seven operational programmes to achieve its priorities, which were submitted to EC. Three of them have been approved by the beginning of October: OP Human Resources Development; OP Administrative Capacity and OP Development of the Competitiveness of the Bulgarian Economy. The negotiations on the remaining four: OP Environment; OP Transport; OP Regional Development and OP Technical Assistance are in the final stage.

The administrative framework for management of the structural funds at national and local level is in place and the Managing Authorities of all OPs are in the process of finalizing all necessary documents and manuals for their implementation. A Unified Information System has been set up to service the management and monitoring of the funds received under the Structural instruments of EU. Its further adaptation and upgrading will be financed under OP Technical Assistance.

The implementation of OP Human Resources Development has started by collecting project proposals. The announced grant schemes amount to EUR 44.85 million. Three grant schemes under OP Development of the Competitiveness of the Bulgarian Economy are expected to start before the end of the year to finance Priority 1. By the end of the year OP Administrative Capacity is to start with two grant schemes and nine schemes for direct grants for the municipalities and the NGOs.

The new dimensions of the European Cohesion Policy for the period 2007 - 2013 were accompanied by amendments made to the European legislation regulating the management of SCF by introducing a new package of regulations in 2006. This process has reflected on the national level as well. As a new Member State, Bulgaria has adapted the national legal framework, and provided for conditions necessary for efficient absorption of the European funds. A series of acts of the CoM were drafted and adopted in 2007 to regulate the management of the financial assistance from the EU:

- [CoM Decree № 6, 19 January 2007](#) on the creation of a Uniform Information Gateway for the management of the Structural and the Cohesion Funds in the Republic of Bulgaria;
- [CoM Decree № 55, 12 March 2007](#) on the terms and conditions for selection of contractors by beneficiaries of agreed grants from the Structural Funds and from the PHARE programme of the EU;
- [CoM Decree № 62, 21 March 2007](#) on the adoption of national rules for eligibility of spending for the OPs co-financed from EU Structural and Cohesion Funds for the financial framework 2007-2013;
- Decrees on the adoption of detailed rules for eligibility of costs under the individual Operational Programmes. The eligibility rules for the following OPs have been

approved to date: OP Human Resources Development (CoM Decree № 180. 27 July, 2007), OP Technical Assistance ([CoM Decree № 215, 5 September, 2007](#)) and OP Administrative Capacity ([CoM Decree № 231/20.09.2007](#)). The eligibility rules for the remaining OPs are expected to be approved by the end of October;

- [CoM Decree № 121, 31 May, 2007](#) on the terms and conditions for provision of grants under the OPs, co-financed from the Structural and Cohesion Funds and the PHARE Program of the EU;
- [CoM Decree № 194/13.08.2007](#) on the management of the implementation of infrastructure projects financed with the EU funds;
- [CoM Decree № 199/29.08.2007](#) on the adoption of National rules for European associations for territorial cooperation.

6. APPENDIX – REPORTING TABLE ON IMPLEMENTATION

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
1	Functional analyses of the administrative structures	Optimization of the administration through identifying the need for restructuring or reassigning of functions	planned	4Q 2007	4Q 2009		Improving the institutional capacity	0.077			eb021 Labour productivity per person employed			
2	Implementation of the Strategy on Human Resource Management in the State Administration 2006-2013	Improving the institutional capacity in order to efficiently formulate policies and to provide better administrative services	ongoing	4Q 2006	After 2012	The Strategy is being implemented in accordance with its Action Plan	Improving the institutional capacity	2.639			ir010 Spending on Human Resources			
3	Adoption and implementation of a Programme for Better Regulation	Elimination of existing impediments to business development	planned	n.a.	2007		Improving the institutional capacity	n.a.			er070 Business investment			
4	Increasing the transparency and accountability in the work of the administration through the implementation of the Strategy for Transparent Governance, Prevention and Counteraction of Corruption in this area	A stable and predictable business environment, diminishing transaction costs in the economy.	ongoing	1Q 2006	4Q 2008		Improving the institutional capacity	n.a.			er082 Business demography - Survival rate			
5	Facilitating and accelerating the registration procedure of companies through the enforcement of the Law on the Commercial Register	Elimination of existing impediments to business development	ongoing	1Q 2008	permanent	The entering into force of the adopted in April 2006 Law on the Commercial Register (SG, No. 34/ 25.4.2007) has been postponed for 1 January 2008	Improving the business environment	17.8			er081 Business demography - Birth rate	3 procedures, up to 30 days, 5 charges		1 procedure, within 1 day, one charge

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
6	Improving the services at the border check-points (BCPs) via introducing the 'one-fiche payment'	Improving the quality of the services provided at the BCPs; reducing the time for service	ongoing	1Q 2007	4Q 2008	The contractor for the implementation of the "one-fiche" at all BCPs procurement has been selected.	Improving the business environment (incl. better regulation, implementation of internal market legislation, competition and key priority actions identified by the 2006 Spring European Council)	0.82			er064 Market integration - Trade integration of goods			100%
7	Introduction of quality management systems within the administrations	Improving the effectiveness of the state administration to better implement policies, provide better service and improve the business environment.	ongoing	1Q 2006	4Q 2009	Two PHARE projects under this measure: one has been completed and one that will start in September 2007. Further actions are provided for in OP Administrative Capacity	Improving the institutional capacity	17.8			er070 Business investment	2006: central administration - 4%; regional administration - 14%; municipal administration - 12%		
8	Analyses to take activities, functions and services outside the direct budget financing through outsourcing and PPPs	Improving the effectiveness of the state administration to better implement policies, provide better service and improve the business environment.	ongoing	1Q 2007	4Q 2009	A methodology has been developed for PPPs in public services. Analyses have been made of some services		n.a.			er040 Public procurement			
9	Introduction of the one-stop shop service principle	Improving the effectiveness of the state administration to better implement policies, provide better service and improve the business environment.	ongoing	1Q 2006	4Q 2009	Two projects implemented: to support 60 municipalities to introduce the one-stop-shop principle; to upgrade the existing one-stop-shops through integrated provision of services.	Improving the institutional capacity	1.87			er070 Business investment	2006: central administration - 79%; regional administration - 100%; municipal administration - 77%		
10	Development of e-government and integration of the e-services of the administrations into the central gateway of the e-government	Improving the effectiveness of the state administration to better implement policies, provide better service and improve the business environment.	ongoing	1Q 2007	4Q 2009	LEG adopted and the Control Technical Centre of the e-government was opened in 2007; A gateway of the e-government has been created - www.egov.bg	Improving the institutional capacity	22.2			ir100 E-government on-line availability			

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
11	Development and introduction of electronic systems in the work of the judiciary system : a) System for the enforcement of acts; b) System for legal aid	a) regarding the electronic system for enforcement of acts - ensuring more transparency in the enforcement of acts, facilitating and streamlining the control over the work of enforcement agents; ensuring single standards in the administration of enforcement cases (keeping official records and books); ensuring access to up-to-date information for statistical purposes; b) regarding the electronic system for legal aid – ensuring the opportunity citizens to exercise their constitutional rights	ongoing	2007	a) 2008; b) November 2009	a) a public procurement procedure is ongoing; b) forthcoming is the signature of the contract with the contractor	n.a.	a) n.a.; b) no budget funds are provided for - the financing is under PHARE Project BG-2005/017-353.07.01			er083 Business demography - Death rate			
12	Improvement of the functioning of the integrated Information System for Monitoring and Management of the EU Funds	Increasing the absorption capacity and the efficiency of utilization of the EU funds	ongoing	3Q 2007	After 2012	A project under OP Technical Assistance is in the process of development.	Improving the institutional capacity			ir100 E-government on-line availability				
13	Maintaining high budget surpluses	Limiting the risk of overheating of the economy and further widening of the current account deficit	ongoing	1Q 2007	4Q 2009		Maintaining macroeconomic stability	n.a.		eb060 General government budget balance				
14	Increasing the retirement age of women to 60 years	Limiting the deficit in the pension system with a view of long term sustainability of public finances	agreed	1Q 2007	4Q 2009		Maintaining macroeconomic stability	n.a.		S2 sustainability gap indicators	As of 30.06.2007 the reported budget surplus under the consolidated fiscal programme is more than 4% of GDP			
15	Calculation and payment by the NSSI of the cash benefits for temporary disability, labour readjustment, pregnancy and child-birth, small child-care	Enhancing the scope of insured people and better control over those providing medical aid and over the beneficiaries.	agreed	1Q 2007	n.a.		Maintaining macroeconomic stability	-5.33	saving funds /estimated performance for medical certificates effect/EUR 5.33 million-sickness/	S2 sustainability gap indicators				
16	Increasing the minimum insurance thresholds by economic activity and profession, as well as increasing the maximum	Increasing the compliance and higher degree of security - increasing the insurance base	completed	1Q 2007	n.a.		Maintaining macroeconomic stability	-98.0	For 2007 the effect of increasing the minimum insurance	sc010 Inequality of income distribution				

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
	insurance income.								thresholds by economic activity and profession is EUR 98 million.					
17	Reduction of the social security contribution to the Pension Fund	Improving the contribution collection	planned	1Q 2008	n.a.		Maintaining macroeconomic stability	n.a.			sc010 Inequality of income distribution			
18	Changing the mechanism for calculation of the minimum work-contingent pensions and the non-work-contingent pensions. Development of a mechanism for updating pensions granted before 2000	Higher incentive for insuring at work.	ongoing	1Q 2006	4Q 2007		Maintaining macroeconomic stability			Minimum social old-age pensions in the amount of at least 50% of the minimum wage	sc010 Inequality of income distribution			
19	Establishing State Fund for Guaranteeing the Stability of the State Pension System (Demographic Reserve Fund in support of the financing of the public social security system)	Will guarantee the stability of the state pension system	planned	1Q 2007	n.a.			n.a.			eb070 General government debt			
20	Adoption of a National Healthcare Strategy	Increasing the quality and effectiveness of the healthcare system	planned	1Q 2007	4Q 2007		Policies to improve the health status of the nation	n.a.			en081 Healthy Life Years at birth - females; en082 Healthy Life Years at birth - males			
21	Establishing an integrated communications infrastructure for the needs of the public authorities	Increasing the effectiveness and efficiency of the public administration	ongoing	1Q 2006	4Q 2009		Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	8.0			ir071 ICT expenditure - IT	Connected regional centres: 19 (mid-2007)	28	

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
22	Expanding the national network of free Internet access centres in the locations throughout the country	Bridging the gap between civil society in Bulgaria and the information society by raising the technical and information literacy of Bulgarian citizens and businesses in remote and scarcely populated regions	ongoing	1Q 2004	4Q 2009		Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	6.0			ir130 Broadband penetration rate	Telecentres set up, number: 107 municipalities		264 municipalities
23	Upgrading the infrastructure in rural areas	Solution of the problems related to the highly amortized or lacking basic infrastructure in rural areas, in particular water supply and sewage systems, road infrastructure in and between the populated areas	ongoing	1Q 2007	After 2012	The Rural Development Programme 2007-2013 has been approved by EC; similar measure is being implemented under the SAPARD Programme	Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	76.0 (2007-2013) , of which by 2009: 32.6 (current prices)	Approval of RDP 2007-2013 by EC and issuing ordinances.		er040 Public procurement	(1) Km rehabilitated roads in rural areas; (2) km improved water supply and sewage networks; (3) Rural population benefiting from the improved services		2013: (1) 650km; (2) 550; (3) 320 thousand people
24	Upgrading the regional and local road infrastructure	Will improve accessibility, connectivity and economic cohesion in and between regions;	ongoing	1Q 2007	After 2012		Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	9.0 (2008)			er051 Total State aid	1. Km rehabilitated roads (base 2006) 2. % increase of passenger and freight traffic on the rehabilitated roads (base 2006)	2009: (1) - 500km., (2) - 10%	2012: (1) - 900km., (2) -17%
25	Upgrading social infrastructure, the physical environment and housing; development of sustainable urban transport	Will ensure integrated urban development	ongoing	1Q 2007	After 2012		Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	n.a.			en042 Urban population exposure to air pollution by particulate matter	1. Improved educational infrastructure (number) 2. Improved infrastructure in the cultural area (number) 3. Improved infrastructure in the social services area (number)	2009: (1) - 20, (2) - 35, (3) - 30	2012: - (1) -30, (2) -67, (3) -52
26	Modernization of the transport infrastructure along the main axes of European and national significance	Achieving compliance of the railway and road networks, the ports and airports with international requirements and standards	ongoing	1Q 2007	After 2012		Modernisation and development of infrastructure, in particular transport and energy networks, as well	2007 - 2009: 30.9	The launched infrastructure projects are already being implemented. The Sectoral		er040 Public procurement			

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
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				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
							as ICT infrastructure		Operational Programme Transport 2007 – 2013 (SOPT) is in the process of finalization and the preparation of projects to be financed by SOPT has been launched.					
27	Ensuring safe, secure and environmentally friendly transport system	Achieving compliance of the railway and road networks, the ports and airports with international requirements and standards	ongoing	1Q 2007	After 2012		Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	5.4 (2007-2009)	The launched infrastructure projects are already being implemented. The Sectoral Operational Programme Transport 2007 – 2013 (SOPT) is in the process of finalization and the preparation of projects to be financed by SOPT has been launched.		en042 Urban population exposure to air pollution by particulate matter			
28	Establishment and development of the energy infrastructure	Guaranteeing the security of energy supply, diversifying energy sources, environment protection	ongoing	1Q 2007	4Q 2010		Modernisation and development of infrastructure, in particular transport and energy networks, as well as ICT infrastructure	2.7 (2007) interest on government investment loans			er02b1 Electricity prices - industrial users	Extent of funds absorption against the overall project value: end of 2006 42.08% (for 11 infrastructure projects on accrued basis)		
29	Developing and implementing a programme for preventing drop-outs of children at obligatory schooling age - to 15% by 2009	Increasing productivity and better matching skills with labour market needs	ongoing	1Q 2008	4Q 2009	In August 2007 started the call for proposals under Programme "Establishment of a Favourable Multi-Cultural Environment for Practical Application of Inter-Cultural Education and Training" and under	Improving the quality of human capital through improved access of everyone to quality education and training (incl.	n.a.			sc051 Early school-leavers - total	Percentage of dropped-out students: 20% (2007)		2009: 15%

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
						Programme "Let Us Make School Attractive for Young People" within Operational Programme "HRD"	life-long learning)							
30	Establishment and introduction of modern and efficient system for standardised external evaluation in secondary education	Raising the quality and efficiency of the educational system in the secondary education	ongoing	n.a.	4Q 2009	In 2006-2007 school year an external evaluation of the knowledge and skills of fourth-grade pupils in four school subjects has been organised and carried out, An external evaluation in foreign language at the end of 8th grade and pilot state graduation exams for a representative sample of 4,500 students in 14 school subjects has been also carried out.	Improving the quality of human capital through improved access of everyone to quality education and training (incl. life-long learning)	n.a.			ir010 Spending on Human Resources	Number of external evaluations and exams carried out in: - stages and grades of education; - subjects; - percentage of covered students by stage and grade of education (2007: 4th grade in 4 school subjects; in foreign language in the 8th grade - intensive learning - students from all profiled and vocational secondary schools)		2009: external evaluation of 5 batches of graduates - 4, 5, 7, 8 и 12 grades.
31	Development of vocational education and training through the establishment of a professional orientation system and introduction of short-term modules for acquisition of professional qualification	Increasing productivity and better matching of skills with labour market needs	planned	1Q 2007	4Q 2009		Improving the quality of human capital through improved access of everyone to quality education and training (incl. life-long learning)	n.a.			em051 Life-long learning - total	trained consultants in professional orientation at school – 12% of the pedagogic advisors in school; introduced modules for early professional orientation (basic value for 2007: a module in one school subject introduced in 5th grade); modules developed for professional orientation in secondary education (for 2007: 0); short-term modules for ten professions, 1st degree qualification (for 2007: 0)		2009: 100% pedagogic advisors in school; for 2009: modules in one school subject introduced in the 6th and 7th grades; for 2009: modules for the 9th and 10th grades; for 2009: short-term modules for ten professions matching labour market needs

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
	Description of measure	Rationale of measure	Status	Timeline		Qualifications and Comments on timeline/status		Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
32	Elaboration of a National Strategy for Life-long Learning	Increasing productivity and better matching of skills with labour market needs	ongoing	1Q 2007	4Q 2009	A draft National Strategy for Life-long Learning is being elaborated. The draft is building on already adopted strategies in the field of education and training.	Improving the quality of human capital through improved access of everyone to quality education and training (incl. life-long learning)				em051 Life-long learning - total	In 2005 1.3% of the population is covered by the forms of continued professional training		In 2009 the number of people covered by the forms of continued professional training is to be doubled (2.6% of the population)
33	Adoption and implementation of a Strategy for Higher Education Development	Optimisation of the higher education system; achieving compliance with labour market requirements	ongoing	1Q 2007	4Q 2009	Wide discussions among academic circles and the public are ongoing on the key issues of the Strategy. The collection of project proposals under two programs that are to be implemented within OP "Human Resource Development" has started.	Improving the quality of human capital through improved access of everyone to quality education and training (incl. life-long learning)	Programme "Support the development of PhD students, post-graduate students and young scientists" - BGN 586 749; Programme "Development of mechanisms for pupils' and students' internships and probation placements" - BGN 586,749.			ir041 Science and technology graduates - total	Number of students in natural, mathematical, engineering and information sciences (in per cent) - 24% in 2007; Number of career centres set up in higher schools: 34		Number of students in natural, mathematical, engineering and information sciences (in per cent) - 30% in 2009; Number of career centres set up in higher schools: 40
34	Provision of employment for 50,950 unemployed persons from the target groups in 2007.	Integration of vulnerable groups on the labour market	ongoing	n.a.	4Q 2007	The measure covers the following employment programs : National Programme "From Social Assistance to Employment" National Programme "Assistants for People with Disabilities" Beautiful Bulgaria Project Programme "In Support of Maternity" Programme "Career Start" National Programme "Assistance for Retirement" For the period January-June 2007- 49,381 people worked under this measure	Activating labour supply	73.984	spent: 27.508	Number of people included in employment	em071 Unemployment rate - total; sc061 Long-term unemployment rate - total;	em071 - 9.7% (1Q 2006)		em071 - 8% (1Q 2007)

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				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
35	Encouraging employment through providing incentives for employers to hire jobless people	Integrating the vulnerable groups on the labour market and encouraging employment	ongoing	n.a.	4Q 2007	Measures under the Employment Promotion Law (EPL)* - Encouraging employers to create jobs for training for attainment of vocational qualification and/or internship, filled by an unemployed person under 29 years of age - (Art. 41 of EPL), Encouraging employers to create jobs for internship and/or apprenticeship (Art. 46 of EPL), Encouraging employers to maintain and upgrade the qualifications of the hired factory and office workers (Art. 44 of EPL), Stimulating employers to hire unemployed persons under 29 years of age (Art. 36, paragraph 1 of EPL), Encouraging employers to hire unemployed permanently disabled persons under 29 years of age, including war-disabled persons, as well as young persons from social institutions who have completed their education (Art. 36, paragraph 2 of EPL), Encouraging employers to hire long-term unemployed persons (Art. 37 of EPL), Encouraging territorial mobility of unemployed persons (Art. 42 of EPL), Incentives for unemployed persons, subject to monthly social assistance benefits, who start work without intermediation (Art. 42a of EPL); Encouraging employers to hire unemployed persons, who have received unemployment cash benefits	Activating labour supply	10.318	spent: 5.062	Number of people who worked	em011 Employment rate - total	55.5 thousand people (1Q2006)	For the period January-June 2007 - 20,039 have worked under this measure	59.7 thousand people (1Q2007)

ID# of measure	Description of measure					Key Challenge	Impact and follow-up module							
	Description of measure	Rationale of measure	Status	Timeline			Qualifications and Comments on timeline/status	Direct budget cost, EUR million	Follow up and evaluation	Impact on economic variable:	Indicators			
				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
						for not more than five months, for half of the normal hours of work (Art. 43 of EPL), Encouraging employers to hire unemployed persons for training and work on the job for the period of the training of the employed person (Art. 45 of EPL), Encouraging entrepreneurship (Art. 47 of EPL, paragraph 4), Encouraging entrepreneurship (Art. 48 of EPL), Training of persons, who or which have received a loan under the Guarantee Fund for Micro-Crediting Project (Art.48a of EPL), Encouraging entrepreneurship for persons, who have registered micro-enterprises (Art. 49 of EPL), Encouraging entrepreneurship among agricultural producers (Art. 49 a of EPL), Encouraging entrepreneurship (Art. 49b of EPL), Encouraging employers, who or which are micro enterprises registered under the effective legislation, by subsidizing the first five jobs created (Art. 50 of EPL), Encouraging employers to hire unemployed persons for part-time work (Art. 51 of EPL), Encouraging employers to create jobs to hire unemployed permanently disabled persons (Art. 52, paragraph 1 of EPL); Encouraging employers to hire unemployed permanently disabled persons for casual, seasonal or hourly work (Art.								

ID# of measure	Description of measure						Key Challenge	Impact and follow-up module						
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				Timeline Start	Timeline End						Structural indicator	Input indicator	Intermediate value	Output indicator
						52. paragraph 2 of EPL), Encouraging employers to create jobs to hire unemployed persons who are single parents (or adopters) and/or mothers (or female adopters) with children under 3 years of age (Art. 53 of EPL), Encouraging employers to create jobs to hire unemployed persons who have served a custodial sentence (Art. 55 of EPL), Encouraging employers to hire unemployed women over 50 years of age and men over 55 years of age (Art.55a of EPL), Encouraging employers to sustain the employment of persons upon reduction of the volume of work or idling for more than 15 working days (Art. 57, paragraph 1 of EPL), Encouraging employers upon reduction of the volume of work or idling for more than 15 working days to sustain the employment of the staff for a period of 6 months (Art. 57, paragraph 2 of EPL), Encouraging employers upon reduction of the volume of work or idling for more than 15 working days to sustain the employment of the staff for a period of 12 months (Art. 57, paragraph 3 of EPL).								
36	Provision of training for 27,500 unemployed persons	Increasing the employability of registered unemployed persons	ongoing	n.a.	4Q 2007	This measure covers the following promotional regimes under EPL: The Employment Agency organizing training for attainment of vocational	Activating labour supply	8.590	spent: 1.790	Number of unemployed people included in training	em051 Life-long learning - total	1.3 (2006)	For the period January-June 2007 - 17,401 people have been covered by training under	

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						qualification Art. 63, paragraph 1, items 1, 3 and 4 of EPL and the Employment Agency organizing motivational training Art. 63, paragraph 2 of EPL, as well as the Programmes: National Programme for Liquidation of Illiteracy and Qualification Improvement of Roma Persons and Project "Employment through business support"(JOBS)							this measure	
37	Programme: Qualification Services and Training for the Employed	Increasing productivity and the adaptability of employed persons through provision of training and encouraging investments in human resources.	agreed	n.a.	4Q 2008	This measure is being implemented within OP "Human Resource Development"; since August 2007 the collection of project proposals under Programme "Qualification Services and Training for the Employed" has started	Improving the adaptability of employed persons	18.0		Number of employed included in training	em051 Life-long learning - total	1.3 (2006)		
38	Creation of offices for technological transfer	Promoting innovation	ongoing	1Q 2007	4Q 2008		Investments in knowledge and innovation	0.114			ir021 Gross domestic expenditure on R&D (GERD)	Number of established offices for technological transfer		At least 9

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39	Financing investment in R&D through grant schemes under the Scientific Research Fund	Improving the overall framework for R&D and innovative activities development	ongoing	1Q 2007	4Q 2010	For 2007 6 competition schemes under the Scientific Research Fund have been finalised, which were directed to development and updating the scientific infrastructure, promotion of scientific research at universities; support for the career development of PhD students and young Bulgarian scientists and specific grants for developing projects under the Seventh Framework Programme. All competitions have been evaluated by international expert commissions.	Investments in knowledge and innovation	28.0 (2007 - 2009 r.); 7.5 (2007)	The launching of a second competition scheme in support of scientific research projects and scientific networks, and modernisation of science infrastructure in priority areas is forthcoming. A pilot competition for strengthening the link science - business for young scientists, preparing their PhD thesis in corporate structures, will also be launched.	The implementation of the measure will influence both human capital development and strengthening the innovative capacity. All schemes under the Scientific Research Fund are open also for corporate structures subject to specific criteria for the latter.	ir021 Gross domestic expenditure on R&D (GERD)	Number of projects: - for human resource promotion and development (with scientific profile): 10; - for supporting and building up modern science and innovation infrastructure: renovated: 8, new: 2; -development of science and innovation:- to provide scientific services to SMEs: 5; - grant schemes for preparing projects under 7FP and the Structural Funds: 5	Number of projects: - for human resource promotion and development (with scientific profile): 15; - for supporting and building up modern science and innovation infrastructure: renovated: 12, new: 2; -development of science and innovation:- to provide scientific services to SMEs: 5; - grant schemes for preparing projects under 7FP and the Structural Funds: 7	Number of projects: - for human resource promotion and development (with scientific profile): 25; - for supporting and building up modern science and innovation infrastructure: renovated: 12, New 5; - development of science and innovation:- to provide scientific services to SMEs: 15; - grant schemes for preparing projects under 7FP and the Structural Funds: 25
40	Financing of R&D for scientific and applied research for companies-producers through grant schemes under the National Innovation Fund	Increasing the competitiveness of Bulgarian economy by stimulating market-oriented applied scientific research for the industry	ongoing	1Q 2005	4Q 2009		Investments in knowledge and innovation	36.8 (2007-2009 r.)			ir021 Gross domestic expenditure on R&D (GERD)	Number of enterprises investing in the development of innovative products: 2006 - 170; innovative SMEs compared to total number: 0.02%		Number of enterprises investing in the development of innovative products: 400; innovative SMEs compared to total number: 0.17%
41	Support for (8-12) already existing or emerging clusters through investments, consultancy services and training	Increasing investments in knowledge and innovation	ongoing	3Q 2007	2Q 2009		Investments in knowledge and innovation	0.6			ir024 Gross domestic expenditure on R&D (GERD) by source of funds - abroad	Number of supported clusters - 2		Number of supported clusters - 8-12
42	Support for consultancy services projects for	Promoting SMEs and entrepreneurship	completed	4Q 2006	2Q 2007		Promoting SMEs and	0.5			er081 Business demography -	Number of consultancy services	580 projects for consultancy	580

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	around 580 SMEs						entrepreneurship				Birth rate	projects for SMEs	services for SMEs	
43	Support for 540 investment projects of SMEs	Promoting SMEs and entrepreneurship	ongoing	2Q 2006	2Q 2009	The total 540 projects will be supported under three stages of a multi-annual PHARE Project. At present Stage 1 is in the process of implementation, Stage 2 is in the process of evaluation of project proposals and Stage 3 is expected to be launched	Promoting SMEs and entrepreneurship	6.685			er070 Business investment	Number of supported investment projects for SMEs		540
44	Establishment and development of entrepreneurship centres in the higher schools in Bulgaria with two year financing period for each newly set up centre	Promoting SMEs and entrepreneurship	ongoing	1Q 2007	4Q 2008		Promoting SMEs and entrepreneurship	0.690			er081 Business demography - Birth rate	Number of the established entrepreneurship centres: 2006 - 4;	2007 r. - 4 operating and one newly-established	2008 r. - 5 operating 2009 r. - 1 operating
45	Training in entrepreneurship skills and in entrepreneurship at secondary vocational schools through setting up Educational Companies	Promoting SMEs and entrepreneurship	ongoing	1Q 2007	4Q 2009		Promoting SMEs and entrepreneurship	0.460			ir092 Youth education attainment level - females; ir093 Youth education attainment level - males	Number of established educational companies: 2006 - 2	2 of the five planned for this year Educational Companies have been established	2007 - 5; - 2008 - 7; - 2009 - 9
46	Training (on a regional principle) of entrepreneurs and provision of grants for starting a business - micro and small enterprises	Supporting the start of new enterprises; increasing employment in regions in industrial decline	ongoing	1Q 2006	4Q 2009		Promoting SMEs and entrepreneurship	2.81			em051 Life-long learning - total	Number of started micro and small enterprises: for 2006 - 50; Number of trained entrepreneurs for 2006: 224		Number of started micro and small enterprises: for 2007-2009 - 210; Number of trained entrepreneurs for 2007-2009: 720
47	Elaboration of the first three-year Action Plan 2008-2010 for the implementation of Directive 2006/32/EC and setting of an intermediate benchmark	Decreasing of the energy intensity of GDP and raising the competitiveness of the economy	completed	1Q 2007	4Q 2007	The Action Plan is elaborated on the basis of an analysis of the energy efficiency in Bulgaria. The benchmarks have been set. The plan was approved by the Council of Ministers on	Reforming energy sector	n.a.; EUR 2.4 million - other expenses			en021 Energy intensity of the economy	% annual energy saving		by 1 % annual energy saving based on data for final energy consumption in 2001-2005

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	for energy saving of final consumers					October 4, 2007 and was sent to the European Commission.								
48	Construction of NPP Belene (Council of Ministers Decision No. 260/08.04.05 for the construction of a new nuclear capacity on the site of the Nuclear Power Plant "Belene")	Guaranteeing the security of energy supplies	agreed	1Q 2008	After 2012	Implementation will follow the EPC contract, which is to be signed at the end of 2007.	Reforming energy sector	n.a.; the possibility for government guaranteed loans to the amount of EUR 100 million or under EU programmes is being discussed			en022 Combined Heat and Power Generation	Meeting the Energy Strategy indicators, incl. % of CEW schedule performance - 0%		100%
49	Building of a National Repository for Low and Medium Level Radioactive Waste (NRLMLRAW) (Council of Ministers Decision No. 683/25.06.2005 to build a National Repository for Radioactive Waste)	Supplements Measure No. 51	ongoing	1Q 2007	After 2012	The implementation is in line with the Plan for Building NRLMLRAW in the Strategy for Radioactive Waste and Irradiated Nuclear Fuel Management	Reforming energy sector	n.a.; the possibility for government guaranteed loans to the amount of EUR 100 million or under EU programmes is being discussed			en023 Implicit Tax Rate on Energy	Implementation of the schedule of the Plan for Building NRLMLRAW in the Strategy for Radioactive Waste and Irradiated Nuclear Fuel Management, % - 0%		100%
50	Adoption of a Law on Renewable and Alternative Energy Sources and Biofuels	Promotion of RES, AES and biofuels use	completed	1Q 2007	3Q 2007	The Law was adopted and promulgated in SG No. 49 of 19.06.2007. At the moment the secondary legislation related to the Law is being drafted.	Reforming energy market	n.a.; the possibility for government guaranteed loans to the amount of EUR 100 million or under EU programmes is being discussed			en024 Renewable energy			Achieving 11% share of the electricity generated from RES in the domestic gross electricity consumption by 2010, under favourable weather conditions
51	Elaboration and adoption of a National Sustainable Development Strategy	Guaranteeing the security of energy supplies	ongoing	1Q 2007	4Q 2010	Draft version adopted by the National Council for Sustainable Development	Reforming energy market	n.a.; the possibility for government guaranteed loans to the amount of EUR 100 million or			en010 Total greenhouse gas emissions			

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								under EU programmes is being discussed						
52	Implementation of specialized credit lines to finance projects for RES electricity production	Guaranteeing the security of energy supplies	ongoing	1Q 2007	4Q 2010		Reforming energy market	No			en024 Renewable energy	Saved electrical energy per year - end of 2006 - 70,159 MWh/ per year Saved heat energy per year - end of 2006 - 1,535,510 GK per year Saved CO2 emissions - end of 2006 - 369,273 tonnes per year		
53	Issuance and review of greenhouse gas emissions permits for operators of installations participating in the scheme for greenhouse emission allowance trading	Guaranteeing the implementation of the objective under the Kyoto Protocol to reduce emissions of greenhouse gases by 8%	ongoing	1Q 2007	4Q 2009		Limiting greenhouse gas emissions	n.a.			en010 Total greenhouse gas emissions		129 permits have been issued as of 1 July 2007	
54	Establishing and keeping a National Register of emission allowances transactions	Guaranteeing the implementation of the objective under the Kyoto Protocol to reduce emissions of greenhouse gases by 8%	ongoing	1Q 2007	4Q 2009		Limiting greenhouse gas emissions	0.037 per year for maintenance			en010 Total greenhouse gas emissions			
55	Signature of Memorandum of Understanding	Guaranteeing the implementation of the objective under the Kyoto Protocol to reduce emissions of greenhouse gases by 8%	ongoing	1Q 2007	4Q 2009		Limiting greenhouse gas emissions	n.a.			en010 Total greenhouse gas emissions		8 Memorandums of Understanding have been signed as of 1 July 2007	
56	Approval of projects "Joint Implementation"	Guaranteeing the implementation of the objective under the Kyoto Protocol to reduce emissions of greenhouse gases by 8%	ongoing	1Q 2007	4Q 2009		Limiting greenhouse gas emissions	n.a.			en010 Total greenhouse gas emissions		17 projects have been approved as of 1 July 2007	

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57	Adoption of an Ordinance on the structure and organisation of wages and control on part of the General Labour Inspectorate over the implementation of the Ordinance.	Improving labour market flexibility by changing the existing system for supplementary remuneration for acquired length of service and professional experience of workers and employees.	completed	1Q 2007	4Q 2007	The Ordinance is in force as of 1 July 2007	Increasing labour supply	n.a.		Improving LM flexibility indicators, incl. through raising the employment rate for older workers	eb050 Real unit labour cost growth	59.7 (1Q2007)		
58	Legislative framework regulating the activity of the Agencies for temporary employment through amendments to the Law on Employment Promotion after a net evaluation of the effect of active labour market policies implementation	Improving the effectiveness and expanding the scope of the employment policy to raise the employability and successful realisation on the labour market	ongoing	2Q 2007	1Q 2008	A Working Group is working on the texts of the Law on Amendment of the Law on Employment Promotion. Since March 2007 a new methodology for evaluation of the proposals for training for professional qualification attainment, organised and financed by the Employment Agency, is being applied. Higher requirements have been introduced to the training institutions, the quality of curriculum and training methods for adults. The improvement of the quality of training of adults is also supported by Methodological Guidelines for Training of Adults, developed under Project "Professional Qualification", which are made available to training institutions, social partners and organisations.	Increasing labour supply	n.a.		Improvement of economic activity, unemployment and labour market flexibility indicators	em011 Employment rate - total	Number of employed for a given period of time; Number of employed on a part time basis		
59	Updating the Employment Strategy of the Republic of Bulgaria based on evaluation of the implementation of the objectives set forth therein.	Update of the national employment policy in line with the recent economic developments	ongoing	1Q 2007	1Q 2008	A Project "The Employment Strategy in Bulgaria: evaluation of the implementation and future development", financed by EC in support of the activities on the updating of the Strategy is being implemented. A working group has been established with the participation of the social partners, departments	Increasing labour supply	BGN 40 571 (co-financing)			em011 Employment rate - total; em012 Employment rate - females; em071 - Unemployment rate - total; sc061 Long-term unemployment			

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						and other stakeholders. External experts are evaluating the effects of the implementation of the Strategy on the macroeconomic development, regional disparities, equality of women and men on the labour market.					rate - total			
60	Building of a national system for monitoring and forecasting the demand of employers for workforce with specific qualifications.	Matching labour skills with labour demand	ongoing	1Q 2005	2Q 2009	In 2006 a methodology for studying, analysing and identification of employers' and employees' needs for training has been developed under a PHARE project. A national representative survey has been carried out to analyse the employers' needs for workforce with specific qualifications. In the period February - April 2007, 2,019 companies, having personnel exceeding 5 persons (small, medium sized and large companies), were interviewed. The results of the survey are the basis for updating the list of professions/specialties under which the Employment Agency organises training for professional qualification attainment by unemployed persons not provided with a job. This is a preventive action against insufficiency of workforce with specific qualifications.	Mismatch between demanded and supplied skills on the labour market	n.a.		Improving the ability to meet labour market needs	em071 Unemployment rate - total			

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61	Voucher system in support for the transfer of knowledge to enterprises	Facilitates knowledge transfer from scientific entities to business; improves access of enterprises to new knowledge; raises the innovative potential of enterprises; stimulates investments in innovative products	planned	1Q 2008	4Q 2010		Promoting R&D and innovation	2.301	2008 – BGN 1 million; 2009 – BGN 1.5 million.; 2010 – BGN 2 million		ir061 Venture capital investments - early stage	Number of companies supported with grants of BGN 5000; Number of companies supported with grants of BGN 15000		Number of companies supported with grants of BGN 5000 – 2008: 50 ; 2009: 75 ; 2010: 100; Number of companies supported with grants of BGN 15000 - 2008: 50 , 2009: 75 ; 2010: 100
62	Support to students for start-up companies	Boosting entrepreneurship and employment among youngsters	planned	1Q 2008	4Q 2008	Expected results: set up and supported "student companies"; functioning national competition model to support start up companies of students or university graduates in Bulgaria in 2006, 2007.	Promoting R&D and innovation	0.086 (for organizing and implementing the 1st competition session)			ir061 Venture capital investments - early stage	Number of student companies supported with grants of BGN 20000.		2008: 8 companies

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63	Establishment of a network "Innovation and Entrepreneurship";	Promoting the interaction and partnership between the elements of the innovation system	planned	1Q 2008	4Q 2008		Promoting R&D and innovation	from the Programme Budget of the Ministry of Economy and Energy			ir021 Gross domestic expenditure on R&D (GERD)		Established network for innovation and entrepreneurship; setting up a model of partnership and linking the elements of the Bulgarian innovation system; effective functioning of the network and provision of services to its members; support for the activities of the National Innovation Council.	