



World Bank Group – Bulgaria Partnership Program Snapshot

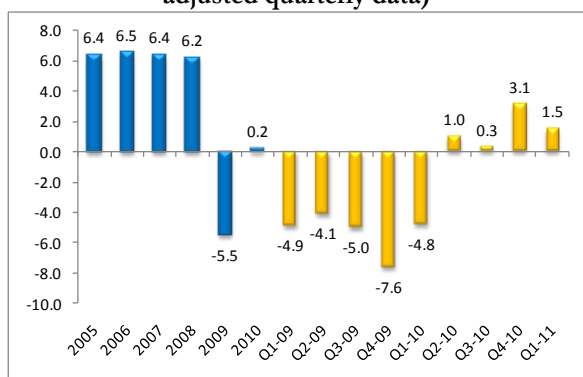
September 2011

RECENT ECONOMIC AND SECTORAL DEVELOPMENTS

Growth and External Performance

Bulgaria's economy is gradually recovering from its first recession since the introduction of the Currency Board Arrangement in 1997. GDP grew by 0.2 percent in 2010 after declining by 5.5 percent in 2009. Economic recovery strengthened in Q1-2011 when GDP expanded by 1.5 percent year-on-year (not seasonally adjusted data). Exports expanded at double-digit rates, thus supporting improvements in domestic demand. Both household consumption and investment accelerated pace in Q2 compared to previous quarters. Preliminary estimates for Q2-11 point to continuing expansion, albeit at a slightly slower pace as the positive effects of the export rebound diminish. Manufacturing, trade, and tourism sectors benefitted from the pick-up in global demand, while construction and real estate, that led growth in the pre-crisis period, continued to contract. Business sentiment in all sectors is steadily improving. Unemployment, however, increased to 11.4 percent in June 2011, up by 1.3 percentage points compared to a year ago.

GDP Growth (percentage change, not seasonally adjusted quarterly data)

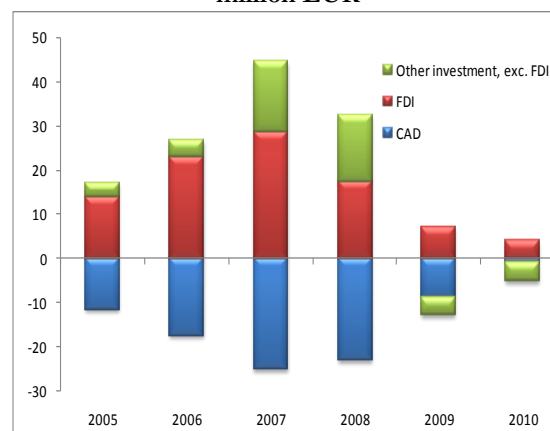


Source: National Statistical Institute

Rebound of exports and further weakening of private capital inflows supported welcome adjustment of external imbalances. The external current account deficit declined to one percent of GDP in 2010 from close to 9 percent in 2009. In the first half of 2011 the current account balance turned into a surplus of 1.4 percent of GDP as the trade balance fell to historic lows. Exports growth acce-

lerated to some 40 percent year-on-year in the first half of the year, reflecting robust external demand in some EU countries, and increased metal and oil prices. Recovery of imports was less impressive and driven mainly by price increases. With overseas borrowing by banks and corporations diminishing, net capital inflows remained negative in 2010 and in 2011. Corporations were hesitant to borrow from foreign lenders in an environment of weak economic activity and uncertainty on the pace of recovery. This kept net FDI inflows in 2010 to close to two-thirds of their levels of the year prior, with no recovery visible in 2011.

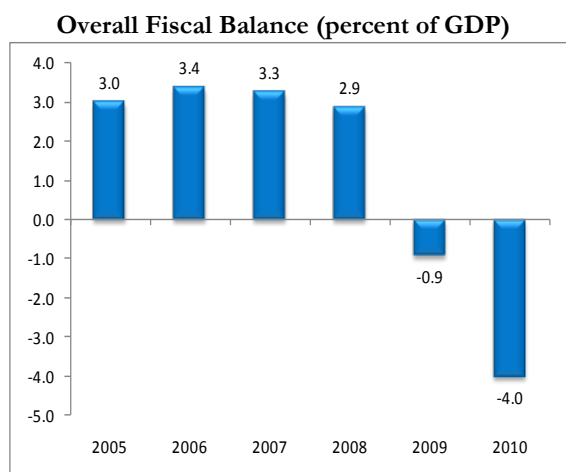
External Current Account and its Financing, million EUR



Source: Bulgarian National Bank

With cross-border funding from parent banks drying up and domestic demand weakening, credit growth came to a near halt, while banks' portfolios worsened. Credit to the private sector decelerated sharply from over 30 percent growth in 2008 to only 1.3 percent in 2010 and has only lately started to improve. Deposits, mainly from households, grew steadily offsetting fully the falling deposits from non-residents. At the same time, demand for credit faltered and the share of non-performing loans increased from 2.5 percent in December 2008 to 13.5 percent in June 2011 although the pace of increase has slowed down since the start of 2011. The existing stringent prudential rules have kept banks well capitalized and liquid. The capital adequacy in Bulgaria in June 2011 was 17.7 percent, significantly higher than the required 12 percent in Bulgaria and 8 percent in most of the EU countries. The Bulgarian National Bank (BNB) further strengthened banking supervision as well as liquidity monitoring and stress testing of banks —the exchange of informa-

tion with parent bank supervisors has improved and a Financial Stability Unit has been established at the BNB.



Source: Ministry of Finance

Continuing fiscal tightening helped contain the rise in budget deficit. Freezing pensions and the wage bill at the level of 2009 as well as significant cuts in operations and maintenance expenditures prevented a rise in the fiscal deficit in 2010 despite continuing worsening of tax revenues. The budget ended in a deficit of 4 percent of GDP in 2010 (on a cash basis) financed mostly by domestic resources. Repayment of arrears accumulated in 2009 (1.2 percent of GDP) advanced in 2010 and by the end of the year nearly half of the arrears were repaid. In early 2011 the EC concluded that Bulgaria made significant progress in deficit reduction and was on track to exit the excessive deficit procedure in 2011. Achieving the 2.5 percent deficit target for 2011 seems within reach with revenues, especially taxes, already growing in the first half of the year while the continued wage bill and pension freeze is moderating overall expenditure growth. Bulgaria's debt to GDP increased only marginally in 2010 to 16.2 percent (ESA95 definition) and is the second lowest debt-to-GDP ratio in the EU.

Infrastructure

Stepping up cooperation

Bulgaria is lagging in terms of infrastructure, as assessed by the World Economic Forum Competitiveness Report in which Bulgaria ranks 120 out of 139 countries in quality of overall infrastructure. To boost Bulgaria's competitiveness and fos-



ter economic growth, the Government of Bulgaria has made it a priority to better absorb, manage, and implement European Union (EU) funds, particularly for infrastructure. This involves leveraging EU funds with financing and support from International Financial Institutions (IFIs), such as the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), and The World Bank. In 2010 The World Bank signed a Memorandum of Understanding (MOU) with the Government of Bulgaria to step up co-operation in the development of Bulgaria's infrastructure, including accelerating maintenance and investment in roads and railways. The MOU seeks to build on ongoing World Bank supported projects such as the rehabilitation of existing major road networks and improving reliability and water supply quality in municipalities.

Roads and Municipal Infrastructure Development

Bulgaria started retrofitting its road infrastructure to EU standards and requirements during the last decade. However, continued underfunding of road infrastructure has left the country with a large



backlog of road maintenance and investment. The Government pledged to improve the roads network across the country and restore troubled motorway programs by accelerating absorption of EU funds and expanding cooperation with IFIs, including the World Bank. The World Bank-supported *Roads Infrastructure and Rehabilitation Project* aims to reduce road transport costs by improving the condition and quality of the roads network during the first years of EU accession. Under the project, a Road Asset Management System was developed and extensive training provided to Bulgarian experts. This system helps the Government monitor the road network and better plan and prioritize road maintenance.



The World Bank-supported *Municipal Infrastructure Development Project* aims to assist local governments across the country in investment-planning for the water sector and improving the reliability and quality of water provision in four municipalities. The Project supports preparation of regional Master Plans for Water Supply and Sewerage systems and completing the construction of three dams that was interrupted about 20 years ago, along with the rehabilitation of a fourth dam that is currently operational. Upon project completion, more than 141,000 Bulgarians in four municipalities will have access to secure and reliable supplies of quality water.

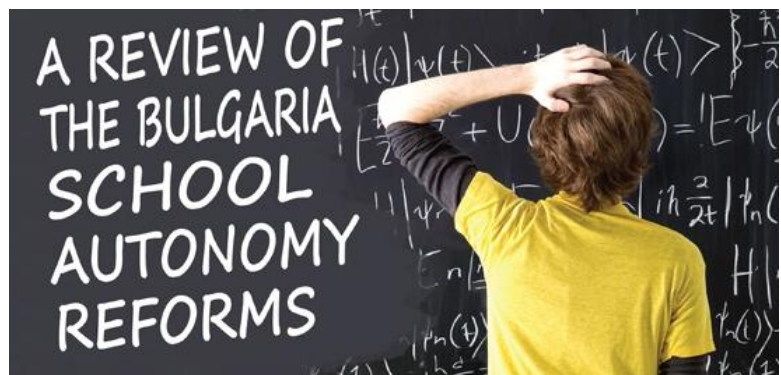
Competitiveness, Education, and Inclusion

Improving the Bulgarian economy's competitiveness is another important area of World Bank

support. The series of World Bank reports—*Better Regulation*—focus on Bulgaria's achievements in creating a favorable business environment, and presents recommendations on how to further strengthen the regulatory and administrative reforms, including the regime of state fees.



The Second Trade and Transport Facilitation Project further builds upon Bulgaria's commitment to facilitate trade by improving the capacity, efficiency, and quality of services at selected European Union border crossings, with particular focus on the Trans-European Transport Network. The project aims at improved physical infrastructure of the border crossings; more efficient customs formalities, facilities and procedures; as well as improved communication and sharing of relevant border crossing data and streamlining the operational procedures of the border crossing agencies.



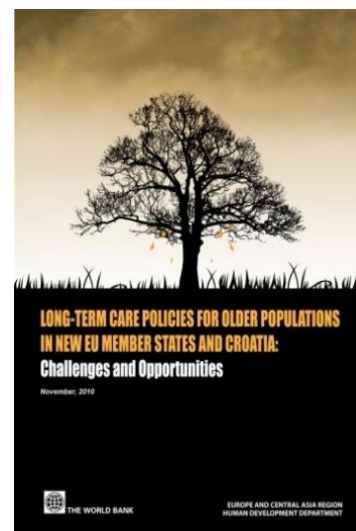
The Bulgarian education system has increased its efficiency as a result of the reforms initiated in 2007/2008. The sweeping decentralization reform of the education system, which introduced per capita funding and delegated school budgets, produced impressive efficiency gains and set the foundation for better adjustment to local education needs. The next step is to strengthen accountability, quality, and relevance

in the education system. The deeper involvement of parents and municipalities in school decisions should be considered as an option to increase education results. These are the main conclusions of the World Bank report *A Review of the Bulgaria School Autonomy Reforms*. The report records the achievements of the reforms and highlights outstanding challenges. The report focuses on four aspects of Bulgarian education system: its efficiency, quality, equity, and accountability for results.

The World Bank-supported *Social Inclusion Project* aims to improve chances of children with marginalized backgrounds, including Roma children. The project will help children below the age of seven from poor and disadvantaged families, as well as children with disabilities, to prepare for school. Because of their social situation, many vulnerable children reach school age and go to school without the necessary preparation. They are not on equal footing with their peers and they drop out early from school. The project will improve their welfare by using early involvement mechanisms, safeguarding their health and education opportunities, and working with parents before the children reach school age. The Project is expected to contribute to the sustainability of the school readiness program by supporting the absorption of European Social Fund financing.

Bulgaria faces the most dramatic population decline among the new EU member states and is projected to lose about 18 percent of its population, or 1.5 million people, between 2000 and 2025. This will have major implications for the labor market as well as increased demand for long-term

care services. This is made doubly challenging because there are fewer potential caregivers to care for more dependent people; while at the same time, a decreasing working age population has to finance higher public expenditures on long-term care. Universal long-term care and better coordination are critical for ageing countries, according to the World Bank study *Long Term Care Policies for Older Populations in new EU Member States and Croatia: Challenges and Opportunities*.



WORLD BANK GROUP PROGRAM IN BULGARIA

Program to Date

Bulgaria joined the World Bank Group in 1990, and since then, the World Bank has engaged with the Government of Bulgaria on a wide range of reforms. The World Bank has supported government reforms that have: remedied past environmental damage, reduced the population's health risks; mitigated some of the costs of the transition and 1995-96 crisis; supported reduction of fiscal costs of public debt freeing resources to support spending in social sectors; and improved the business climate. Government-led reforms have also helped to increase the annual inflows of foreign direct investment from less than US\$100 million (per year?) before 1997, to an average of over US\$6 billion per year in 2003-2008. The privatized banking sector is now well-capitalized, well-supervised, and profitable, providing better services for businesses. The insurance sector is also entirely privatized, while reforms in revenue administration resulted in improved revenue collection and lower compliance costs to firms.

The World Bank's program in Bulgaria to date comprises 45 International Bank for Reconstruction and Development (IBRD) operations, with a total original commitment of roughly US\$3 billion equivalent – consisting of 15 adjustment loans (US\$1.73 billion), 23 investment projects (US\$1.12 billion), one debt reduction loan (US\$125 million), four World Bank-managed Global Environmental Fund (GEF) grants, and two World Bank-managed Prototype Carbon Fund (PCF) operations.

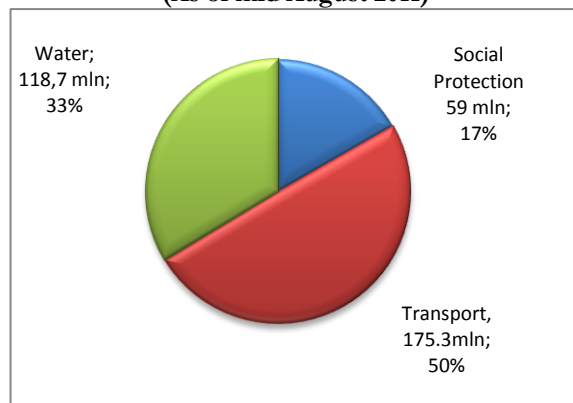
As of mid-August 2011, the active portfolio of World Bank-financed projects in Bulgaria consists of four operations with original commitments totaling US\$353 million equivalent. In addition, one IDF grant in the total amount of US\$0.4 million is being implemented, and a second IDF grant in the amount of US\$0.2 million has been approved recently.

As of September, 2011, the International Finance Corporation (IFC) has 32 projects (completed and ongoing) in Bulgaria with total commitments of over US\$690 million. The single biggest invest-

ment of IFC in the country is in the field of renewable energy in the form of a loan for the construction of the largest wind park in Bulgaria. IFC is also involved in a number of sizable investments in various projects in manufacturing sectors, oil and gas, financial markets, and agriculture.

The Multilateral Investment Guarantee Agency (MIGA) has provided 10 guarantees between 1994 and 2006, for a total of US\$232 million. The last MIGA guarantee years, was in infrastructure (AES Maritza East 1) in 2006 for US\$117.8 million. AES Maritza 1 is a major foreign direct investment project of Euro 1.1 billion, which started in 2005 and is an integral part of Bulgaria's energy sector strategy.

World Bank Portfolio: Bulgaria
Net Commitments by Sector (USD million)
(As of mid August 2011)



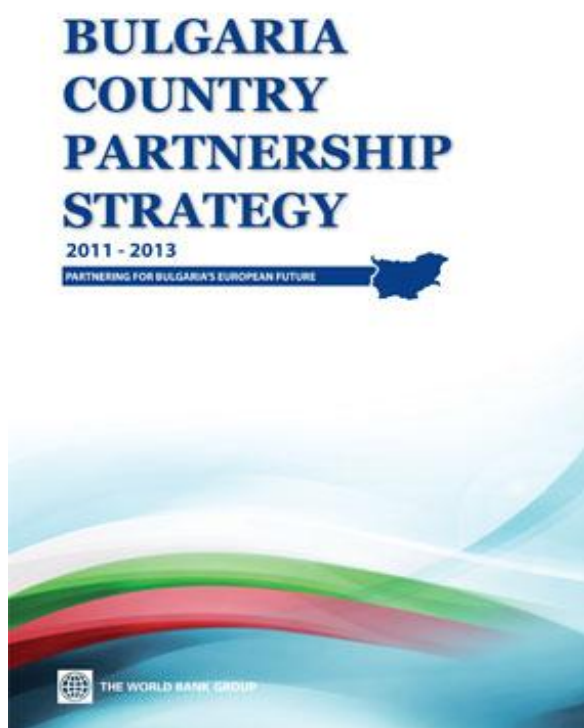
Source: World Bank

Going Forward

In line with Bulgaria's achievements, the World Bank Group has adjusted its business model in support of the country's convergence with the EU. World Bank Group support is based on a partnership model with greater flexibility reflecting Bulgaria's priorities as an EU member state.

Accelerating EU integration and convergence of living standards are the Government's key medium-term goals. Bulgaria's 2010-2015 National Reform Program maintains an overarching focus to boost competitiveness to achieve the Europe 2020 Strategy goals of smart, sustainable, and inclusive growth. The National Reform Program has four key priorities to boost growth, including better infrastructure, competitive youth, the best business environment in the EU, and higher con-

fidence in state institutions. In addition, the Government has identified the efficient utilization of EU funds as an opportunity to finance public investments and accelerate EU integration.



The new *Country Partnership Strategy (CPS)*, endorsed by the World Bank's Board on May 17, 2011, aims to support Bulgaria in strengthening institutions and policies to achieve smart, sustainable, and inclusive growth. The CPS is tailored to Bulgaria's unique challenges within the European context and is firmly anchored in the National Reform Program to implement the Europe 2020 Strategy. The World Bank program is dominated by knowledge and advisory services, in response to the Government's interest in forging a knowledge partnership focused on innovation. It is complemented by a modest lending program that will concentrate on complex reforms and on activities which are not eligible for financing through grant resources under the EU Structural Funds or lending by European institutions and international financial institutions. While the World Bank Group will provide global and regional knowledge and good practice in a tailored manner, it will also innovate and learn with and from Bulgaria for the benefit of other countries.

To achieve this objective, the CPS proposes a three-pillar framework of support. The first pillar will aim to provide knowledge and advisory support for policy reforms to implement select areas of the National Reform Program. Under the second pillar, the World Bank will seek to deliver knowledge and advisory support to strengthen institutions and capacity to accelerate EU funds absorption. The third pillar envisages complementary and selective provision of financing. In addition, the Bank's existing portfolio of lending operations is being re-aligned to expand support for Bulgaria's EU funds absorption priority.

The knowledge and advisory services will increasingly be provided through fee-based service arrangements that are currently under discussion with the Government and the European Commission. These fee-based services would focus on sector strategies and strengthening institutional capacity in the areas of transport, water and social inclusion, among others, to improve EU funds management and implementation in the current financing cycle of 2007-2013. They would scale up World Bank-financed knowledge and advisory services and also support preparation for the next financing period of 2014-2020.

In sum, the CPS proposes a new business paradigm, tailored to Bulgaria's unique challenges within the European context: it consists of a large program of knowledge and advisory services, intended to be increasingly delivered through fee-based services, complemented by a modest lending program.

New lending for the first year would support modernization of the railway sector through the first operation in a programmatic series of development policy loans (DPL) and one investment loan. The DPL series would consist of three €80 million operations to support the design and implementation of railway reforms and to ensure that public financial support to railway infrastructure and passenger services are consistent with transport market demand, EU transport policies, and Bulgaria's prudent fiscal policy. The €70 million Railway Infrastructure Rehabilitation Project would finance the acquisition of infrastructure maintenance equipment for the National Railway Infrastructure Company (NRIC) to improve the quality and efficiency of railway infrastructure services in Bulgaria.

The International Finance Corporation will comprise an important element of the World Bank Group strategy in Bulgaria. The IFC will focus its private sector investments on renewable energy and climate change-related infrastructure and in-

dustries, social sector private investments and selectively in agriculture. In the short-term, IFC will address the impact of the crisis in Bulgaria by supporting the recovery of the private sector and reducing job losses.

Map of Bulgaria



MUNICIPAL INFRASTRUCTURE DEVELOPMENT PROJECT

Approved : November 24, 2009

Effective: April 30, 2010

Closing: December 31, 2015

Financing in million US Dollars*:

<i>Financier</i>	<i>Financing</i>	<i>Disbursed</i>	<i>Undisbursed</i>
IBRD Loan	118.7	1.1	114.9
Government of Bulgaria	29.6		
Total Project Cost	148.3		

*** As of August 4, 2011**

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



As an EU member since January 1, 2007, rehabilitation and construction of water supply and sewerage networks to improve service delivery and reduce health risks, as well as waste water treatment in line with the EU directives, are Government priorities. During preparation for EU accession to meet requirements for the EU Directive on Environment, the Government of Bulgaria had prepared and endorsed the Strategy for Water Supply and Sewerage Management and Development (March 2004). Cost estimates for rehabilitating the sector and meeting EU directives by the end of the compliance period in 2014 are about €6.9 billion, which includes €2.8 billion for rehabilitation. To help Bulgaria comply with sector legislative requirements and support municipal investments, the EU will provide grants through the Cohesion Fund and European Regional Development Fund (ERDF), expected to be around €3.3 billion.

The Project Development Objective:

The objectives of the Project are to: (a) improve the reliability and quality of water provision to the communities in selected settlements in the project area; and (b) assist municipalities to improve investment-planning capacity. These objectives are in line with Bulgaria's National Strategy on Environment (2005-2014) which has a goal to "provide good quality and sufficient quantity of water for various purposes".

Key Expected Results and Current Achievements:

There are three components to the project: (i) preparation of regional master plans for water supply and sewerage systems (ViK systems) to cover the territory of Bulgaria, except the territory of Sofia; (ii) completion and rehabilitation of water supply dams will include completion of Luda Yana, Neikovtsi, and Plovdivtsi dams and rehabilitation of the Studena dam that is currently operational and supplies water to the town of Pernik; and (iii) project implementation support to carry out activities under component three of the project and consultant services associated with project implementation – this component will also support the completion of water treatment plants' preparation work included in the dam investments.

It is anticipated that the preparation of Master Plans will lead to investments (funded by the EU and other sources) that will help Bulgaria meet EU directives in the water and wastewater sector and facilitate Bulgaria's economic and social integration with the EU. Thus, the Project will significantly assist Bulgaria in meeting its commitments made under the *aquis* on environment.

Key International Partners:

Close collaboration with EC and EIB, EBRD, Jaspers.

ROAD INFRASTRUCTURE REHABILITATION PROJECT

Key Dates:

Approved : June 26, 2007

Effective: December 13, 2007

Closing: June 30, 2013

Financing in million US Dollars*:

<i>Financier</i>	<i>Financing</i>	<i>Disbursed</i>	<i>Undisbursed</i>
IBRD Loan	122.5	38.3	90.6
Government of Bulgaria	73.5		
Total Project Cost	196		

*** As of August 4, 2011.**

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



Bulgaria has a road network of over 41,000 km that reaches all communities, including 19,000 km classified as national republican roads and more than 21,000 km of municipal roads. Only 36 percent of the country's population lives in large cities. The rest of the population lives mainly in medium and small sized towns or in rural areas, often separated by sparsely populated mountainous areas, and therefore very dependent on road transport for their livelihoods. About one-third of the national road network is estimated to be in poor condition. The poorest conditions are with the secondary roads. Furthermore, a considerable portion of the core national road network still needs to be upgraded to European technical and safety standards. Each year, nearly 1,000 people die and around 10,000 are injured in road accidents, and some may be disabled for the rest of their lives. With close to 140 deaths per one million inhabitants, Bulgaria's road fatality risk is two times higher than the EU average.

The Project Development Objective is to assist Bulgaria to reduce road transport costs by improving the condition and quality of its roads network during the first years of EU accession. The project objectives will be achieved by: improving the condition of selected roads in the national road network; enhancing the Roads Infrastructure Agency (RIA) capacity to adopt efficient planning policies and effective management of maintenance, rehabilitation, and construction programs; and assisting Bulgaria in articulating a road safety strategy and identifying priority activities to improve road safety.

Key Expected Results and Current Achievements:

- **Road rehabilitation component:** Rehabilitation and repair of selected Class I, II, and III roads across the country, totaling about 307 km. Construction works are ongoing on about 300 km. At the end of the project the rehabilitation will cover around: 117 kilometers of Class I roads; 127 kilometers of Class II roads; 63 kilometers of Class III roads
- **Road asset management system:** Bulgaria now has a functioning Road Management System – developed under the Project – with all the key elements: software, hardware, data, and, more importantly, trained Bulgarian experts in the road laboratory and in RIA's headquarters. The Road management and data systems are used to develop budget-constrained programs for maintenance and rehabilitation of roads for the entire national road network using up-to-date data, to evaluate efficiency and effectiveness of road programs, and transparently monitor the condition of road infrastructure. In particular, the Road Asset Management System was developed and extensive training provided to Bulgarian experts. Pilot performance-based maintenance contracts were also prepared. International experience shows that the cost to maintain and preserve road infrastructure could be reduced by 15 to 40 percent if the road agency had technical systems in place to monitor the condition and the level of usage of road infrastructure, and if performance-based maintenance contracts were used
- **Roads safety:** The Government – with support from the World Bank – conducted a Road Safety Management Capacity Review and developed a Road Safety Improvement Action Plan. RIA is now in the process of identifying road safety “black spots” and on designing solutions to improve traffic safety at these locations. Works at these locations are envisaged under the Project. In addition, the Project provided extensive training to Bulgarian experts on road safety.

Key Partners: The Road Infrastructure Agency (RIA) which is the project implementing entity; the Ministry of Regional Development and Public Works (MRDPW) which is the parent ministry of RIA; the Ministry of Transport (MOT) which is responsible of transport policy. Road safety dialogue involves in addition to RIA, MRDPW, MOT the following stakeholders: the Traffic Police (Ministry of Interior), the Ministry of Health, and the Ministry of Education.

Key International Partners are the European Commission, the European Investment Bank, and the European Bank for Reconstruction and Development.

SOCIAL INCLUSION PROJECT

Key Dates:

Approved : November 04, 2008

Effective: April 16, 2009

Closing: October 31, 2013

Financing in million US Dollars*:

<i>Financier</i>	<i>Financing</i>	<i>Disbursed</i>	<i>Undisbursed</i>
IBRD Loan	59	0.9	56.3
Government of Bulgaria/ESF	108.4		
Communities	34.4		
Total Project Cost	201.8		

*** As of August 4, 2011.**

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



Bulgaria entered the EU with per capita income at only 37 percent of the EU average. As analyses showed that one of the main factors for poverty is intergenerational transfer of poverty, and in order to speed up convergence of living standards and provide equal opportunities for children, the Government – with World Bank support – launched the *Social Inclusion Project*. The project aims at early-age inclusion of children from disadvantaged and poor families.

The Project Development Objective is to help children below the age of seven from poor and disadvantaged families, as well as children with disabilities, to prepare for school. Because of their social situation, many vulnerable children reach school age and go to school without the necessary preparation. They are not on equal footing with their peers and they drop out early from school. The Project will improve their welfare by using early involvement mechanisms, safeguarding their health and education opportunities, and working with parents before the children reach school age. The Project will target low-income and marginalized families (including children with a disability and other special needs), and will contribute to the sustainability of the school readiness program by supporting the absorption of European Social Fund financing.

Key Expected Results and Current Achievements:

- Improvements in school readiness of children from low-income backgrounds and with a disability below the age of seven, measured through improvements in cognitive skills, including (i) memory, verbal and visual-motor skills development; copying scores (age 3-5); (ii) fluency in Bulgarian (age 5-6); (iii) achievement test results, including reading tests (age 6-8); and child nutrition in target population (as proxied by anthropometric measures).
- Improvements in child welfare, measured by improvements in (i) enrollment of children under age seven from low-income and marginalized households (including children with a disability) in mainstream preschool, kindergarten and child care centers in participating municipalities, (ii) parenting skills (as proxied by frequency and quality of parent-child interaction), and (iii) the number of children having received full set of immunization; and
- Expansion of coverage of child care services to low-income children and children with a disability below the age of 7, measured by increases in (i) the number of parents having completing parenting skills sessions, (ii) the number of children newly placed into kindergarten or child care facilities through the project interventions (including children with disabilities), (iii) the rate of inflow of children from poor and marginalized families into institutional care, (iv) the number of new child care places created through the project, and (v) the number of kindergarten and child care facilities staff having received training.

A few months after project effectiveness, a change of the project management mechanism was required, so actual project implementation was delayed. However, project implementation is now gaining speed. Pilot municipalities for the first round of micro project implementation have been identified, and more than 60 micro projects were approved for financing and field work has already started in June 2011.

Key Partners:

The World Bank team works closely with (i) the Ministry of Labor and Social Policy of the Republic of Bulgaria, which is responsible for overall policy setting as well as for the project management; (ii) Ministry of Finance of the Republic of Bulgaria, which is the main partner on all World Bank loans; and (iii) the Ministry of Education, Youth and Science, Ministry of Health, the State Agency for Child Protection, the Social Assistance Agency and other institutions and NGOs that are stakeholders in the early inclusion and child care policies and process.

Key International Partners include the European Union (EU), through its respective offices responsible for overseeing the financing from the European Social Fund.

SECOND TRADE AND TRANSPORT FACILITATION PROJECT

Key Dates:

Approved : March 21, 2007

Effective: June 05, 2007

Closing: June 30, 2012

Financing in million US Dollars*:

<i>Financier</i>	<i>Financing</i>	<i>Disbursed</i>	<i>Undisbursed</i>
IBRD Loan	52.8	17.7	41.1
Government of Bulgaria	17.7		
Total Project Cost	70.5		

*** As of August 4, 2011.**

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



The **Second Trade and Transport Facilitation Project** builds upon Bulgaria's commitment to facilitate trade by improving the capacity, efficiency, and quality of services at selected European Union border crossings, with a particular focus on the Trans-European Transport Network.

The Project Development Objective

The project aims at improved physical infrastructure of the border crossings; more efficient customs formalities, facilities, and procedures; as well as improved communication and sharing of relevant border crossing data and streamlining the operational procedures of the border crossing agencies.

The project is divided in four components:

Component 1: Improvement of the physical capacity and the working conditions at selected European Union external border crossings;

Component 2: Construction of the access road to the border crossing point at Kapitan Andreevo;

Component 3: Enhancing sharing of border crossing data and streamlining operational procedures of border crossing agencies;

Component 4: Capacity building and support to project implementation

Key Expected Results and Current Achievements:

- Over the past two years, border crossing time for trucks was reduced by 30 percent based on measurement of over 1.4 million trucks;
- Improved physical infrastructure of the border crossings;
- More efficient customs formalities due to modern equipment, facilities, and procedures;
- Improved access to Kapitan Andreevo border crossing point, and less heavy traffic in the village of Kapitan Andreevo due to construction of new access road to the border;
- Improved communication and sharing of relevant border crossing data, and streamlining the operational procedures of the border crossing agencies;
- Stakeholders' capacity building.

Key Partners:

The World Bank team works closely with (i) Ministry of Finance (MoF) where the project implementing team is located; (ii) National Customs Agency (NCA); (iii) Border Police Directorate (BPD) have an active role in the project, especially on selected Border Crossing Points (BCP); (iv) Road Infrastructure Agency (RIA) in particular are represented in all matters concerning the access road to Kapitan Andreevo BCP; and (v) Ministry of Regional Development and Public Works (MRDPW) parent ministry of RIA.

Key International Partners: The European Commission (EC).