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DETAILED PROJECT DESCRIPTION

22BG07 - DEVELOPING FISCAL DECENTRALISATION AND IMPROVING LOCAL FINANCIAL MANAGEMENT IN BULGARIA

REFORM/COE CONTRIBUTION AGREEMENT

REFORM/IM2022/002

Abbreviations and acronyms

CoE	Council of Europe
EU	European Union
DG REFORM	Directorate-General for Structural Reform Support of the European Commission
CDDG	The European Committee on Democratic Governance, Council of Europe
CEGG	Centre of Expertise for Good Governance, Council of Europe
ODGP	Office of the Directorate General of Programmes, Council of Europe
MoF	Ministry of Finance, Republic of Bulgaria
MRDPW	Ministry of Regional Development and Public Works, Republic of Bulgaria
NAMRB	National Association of Municipalities of the Republic of Bulgaria
AG	Advisory Group
CSO	Civil Society Organisations
HRM	Human Resource Management
PAB	Project Advisory Board

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1. CONTEXT AND OBJECTIVES OF THE PROJECT

1.1 Context

There is a low level of financial autonomy and fiscal capacity among municipalities in Bulgaria who remain heavily reliant on state budget transfers subject to strict budgetary rules that limit their ability to implement own and delegated functions in line with local economic processes and conditions. A draft, updated Decentralisation Strategy 2021-2025 identifies the need to improve municipalities' own revenue base and improve the links between municipal and state budgets as priorities. Local development is a key priority area of the Recovery and Resilience Plan¹ and, despite the recent political turmoil of 3 parliamentary elections in 2021, the Ministry of Regional Development and Public Works, supported by the Ministry of Finance, have indicated their commitment to pursuing decentralisation.

The complex legislative and fiscal framework for municipal governance could be improved to clarify the distribution of competences and offer municipalities greater discretion in implementing own and delegated tasks. Bulgarian authorities would welcome recommendations based on examples of good European practice in this field. Improved institutional and administrative capacities can support efficient public spending, quality service delivery, sound financial management and sustainable integrated development planning at local level, boosting green economic growth and the digital transition. This is also important in the context of cohesion and development programmes to ensure municipalities have adequate capacities and financial resources to meet co-financing needs for EU-funded projects.

To address some of the challenges highlighted above, this Project will seek to carry out a comprehensive updated analysis of existing human, financial and administrative resources of municipalities with concrete recommendations, and devise a capacity-building programme to ensure they have the relevant and adequate resources to improve their fiscal capacity and financial autonomy. At the same time, a detailed study of the existing legislative and financial framework will be conducted. Through mobilising officials of the Council of Europe's intergovernmental Committee on Democracy and Governance and relevant external consultants, recommendations and a draft action plan will be elaborated towards a more streamlined legislative and financial framework for local government to support implementation of the decentralisation strategy. Capacity building will deliver expertise in response to specific needs, based on relevant toolkits and benchmarks, including the ones of the Centre of Expertise for Good Governance such as Training Needs Analysis, Local Finance, Performance Management, and Human Resource Management.

At national level, the Ministry of Regional Development and Public Works will be responsible for coordinating the project with the Bulgarian authorities and organisations (incl. National Platform of Partners for Good Democratic Governance at Local Level and the Council for Decentralisation of State Governance). The Ministry of Finance, as a key stakeholder, will contribute advice to improve the relationship between municipal and state budgets, and promote a stable and efficient financial system at municipal level. The National Association of Municipalities will be involved throughout the project and will help coordinate and implement activities at local level.

The mission of the Directorate-General for Structural Reform Support (DG REFORM) of the European Commission is to promote the European Union's economic, social and territorial cohesion by supporting Member States' efforts to implement reforms. Bulgaria has requested support from the European Commission under Regulation (EU) 2021/240 establishing a Technical Support Instrument ("TSI Regulation").²

The request for technical support was assessed by the Commission in accordance with the criteria and principles referred to in Article 9 of the TSI Regulation. Following the assessment, the European

¹ <https://nextgeneration.bg/14>

² Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument, OJ L 57, 18.2.2021, p. 1–16. <http://data.europa.eu/eli/reg/2021/240/oj>

Commission has decided to fund the request and provide technical support to Bulgaria, together with the Council of Europe (CoE).

The technical support will be provided in the area of good democratic governance, financial decentralisation, with the purpose of developing fiscal decentralisation and improving financial management in Bulgaria under the conditions set in the Contribution Agreement REFORM/IM/2022/02 (hereinafter “the Agreement”).

1.2 Objectives of the Project

The general objective of this Project is to support Bulgaria in their efforts to implement reforms, which could encourage investment, increase competitiveness and assist in achieving sustainable economic and social convergence, resilience and recovery. This should also strengthen their institutional and administrative capacity, including at regional and local levels, to facilitate socially inclusive, green and digital transitions, to effectively address the challenges identified in the country-specific recommendations and to implement Union law. DG REFORM states that the above is in line with Article 3 of the TSI Regulation.

The specific objective(s) of this Project is:

- to support Bulgaria to design, develop and implement reforms.

DG REFORM states that the above is in line with Article 4 of the TSI Regulation.

The achievement of the objectives of this Project is not the sole responsibility of the CoE, and will depend partially, but not only, on the actions (e.g. follow-up actions) taken by Bulgaria.

1.3 Relevance of the Project

The project is in line with Bulgaria’s Updated Decentralisation Strategy and relevant Programme for Implementation³. It will seek to contribute to Strategic Objective 2 related to the development of local finances and the establishment of a stable and efficient financial system at municipal level by helping municipalities develop capacities and administrative practice for improved financial management.

The project also contributes to promoting local development in line with the National Development Programme 2030⁴ and the Recovery and Resilience Plan⁵. Promoting financial decentralisation and fiscal autonomy can help overcome regional development disparities and the “island of prosperity dilemma” through sustainable local development.

A comprehensive capacity building programme, addressing the identified needs related to the decentralisation strategy, will help inform and encourage reforms at central and regional levels, improve administrative capacity at municipal level and contribute to developing effective, accountable and transparent institutions at local level in line with Target 6 of Goal 16 of the Sustainable Development Goals.

The project will also address EU priorities related to enhancing cooperation and quality of public administration at regional and local level and promoting sound multi-level governance practice.

In line with the current mandate of the European Committee on Democracy and Governance , policies and best practices in the greening of public administration at the local level will be addressed in a transversal way across all project activities.

³ https://www.oecd-ilibrary.org/urban-rural-and-regional-development/decentralisation-and-regionalisation-in-bulgaria_b5ab8109-en

⁴ <https://www.minfin.bg/en/1394>

⁵ https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/recovery-and-resilience-plan-bulgaria_en

1.4 Beneficiary EU Member State authority(-ies), target groups and other Stakeholders

The national authority that requested technical support and will benefit from this Project is Ministry of Regional Development and Public Works (Министерство на регионалното развитие и благоустройството), hereafter referred to also as the beneficiary authority.

Other key stakeholders involved in the project are Bulgarian authorities and organisations represented in the National Platform of Partners for Good Democratic Governance at Local Level⁶, the Council for Decentralisation of State Governance of the Council of Ministers, the Ministry of Finance, and the Municipalities themselves.

2. DESCRIPTION AND IMPLEMENTATION OF THE PROJECT

2.1 Project Impact and Outcomes

Implementation of the Project contributes to the ongoing reform on decentralisation, local finance, and democratic and economic development at local level in Bulgaria.

It is expected that Bulgaria, having been closely involved in implementation of the project and consulted at all major stages of the activities to be implemented, takes the necessary follow-up actions on the final outputs through its internal mechanisms and implements the work contained in the final outputs in view of facilitating the achievement of the Project outcomes and impact.

The expected long-term effect of this Project (**impact**) is that Bulgarian municipalities have increased financial autonomy. In addition, the Project is expected to produce additional effects in short and / or medium term (**outcome**). The outcomes are the following: legal, financial, and strategic framework for fiscal decentralisation has been improved and the level of own revenues of municipalities has increased; local officials have developed competences to apply relevant benchmarks and measure performance.

Achievement of the outcomes, and contributing to a longer-term impact of this Project, depends largely on the degree of follow-up actions and implementation of the outputs by Bulgaria and subsequent enforcement, as well as wider policy conditions, which remain outside the responsibility of the European Commission and the CoE. Such implementation remains the responsibility of Bulgaria.

2.2 Project Outputs and Activities

In order to achieve the outcomes and facilitate achievement of impact, the activities are to be performed by the CoE with the view to produce the following outputs:

Output 1: Technical report with a comprehensive updated analysis of existing legal, administrative and operational framework for municipalities

The Technical report will be based on a comprehensive situation analysis of the existing legal, administrative financial and operational framework for municipalities, and will serve as a baseline assessment and inform the preparation of legal, technical, financial and policy advice to support the decentralisation process and promote fiscal decentralisation.

In order to produce the output, the CoE will perform the following activities:

⁶ Members of the National Platform are representatives of the Commission on Regional Policy, Public Works and Local Self-Government of the National Assembly; the Delegation to the Council of Europe Parliamentary Assembly; the Bulgarian National Delegation to the Congress of Local and Regional Authorities of the Council of Europe; the Administration of the President of the Republic of Bulgaria; the Council of Ministers Administration; the Ombudsman of the Republic of Bulgaria; representatives of sectoral ministries; regional governors representing North and South Bulgaria; National Association of Municipalities in the Republic of Bulgaria (NAMRB) representatives; economic and social partners (trade unions and employers' organizations); the academic circles of the Bulgarian Academy of Sciences and the University of Sofia; the mass media from the Bulgarian National Television and the Bulgarian National Radio; civil society organizations and structures from the Citizen Participation Forum and from the Foundation for Local Government Reform.

Activity 0 Kick-off/first Advisory Group meeting

This activity aims to introduce the Project to all national and international stakeholders, discuss its expected results and approve its work plan and timeline, which is commonly agreed upon by all beneficiaries. The meeting will take place online or in premises provided by the beneficiary authority. The CoE will send a proposed agenda and draft presentation on its proposed methodology, work plan and proposed timeline prior to the meeting, which are to be approved by the DG REFORM and the MRDPW.

The CoE, DG REFORM, the Ministry of Regional Development and Public Works, The Ministry of Finance, the National Association of Municipalities of the Republic of Bulgaria, and representatives of other relevant Civil Society Organisations will participate in the kick-off meeting.

Activity 1.1 Desk research on policy and legislative provisions regulating local government financing

The CoE consultants, in cooperation with the implementing partner and local consultants, will collect and analyse all relevant policy and legislative provisions, including the Law on Public Finance, Law on Local Self-Government and Local Administration, Law on Municipal Property, Law on Municipal Debt, Law on Local Taxes and Fees, and the relevant implementation guidelines, local governments' acts and regulations and their practical implications relating, to the legal, administrative, financial and operational framework for municipalities in Bulgaria.

The analysis and needs assessment of national legal frameworks will be carried out, taking into account the specificities of the situation in the Republic of Bulgaria and with reference to good European practice and standards in the management of local finances

Activity 1.2 Fact-finding mission

On the basis of preliminary desk research, CoE consultants will conduct a fact-finding mission to meet with implementing partners and local stakeholders, with input from the National Association of Municipalities, to confirm findings.

In advance of the mission, the CoE consultants will hold a pre-mission planning meeting with the MRDPW and Ministry of Finance to discuss points that emerged from desk research and finalise the list of stakeholders to be met in the course of the fact-finding mission.

Activity 1.3 Public consultation roundtable

Following desk research and the fact-finding mission, CoE consultants will participate in a public roundtable discussion with key stakeholders to confirm findings and present good European practice relevant to the specifics of the situation in the Republic of Bulgaria.

Activity 1.4 Technical report drafting

Technical report drafted based on desk research, fact-finding mission, and public roundtable.

Output 2: Peer Review report with recommendations for improvements to legislative and fiscal framework for decentralisation

The CEGG, in collaboration with the CDDG, and in consultation with Bulgarian authorities, will put together a team of 3-5 Peers (high-ranking officials from relevant CoE member States with appropriate knowledge and experience) who will study the existing framework and meet with key stakeholders and draft a report including tailored recommendations based on good European practice.

In order to produce the output, the CoE will perform the following activities:

Activity 2.1 Identification of Peer Review Topic and composition of team

The peer review process will be conducted in line with the CDDG Peer Review Guidelines (CDDG(2014)2).

Key topics and questions to be addressed by Peer Review team to be confirmed with Bulgarian authorities. Selection of Peers based on relevant recent policy experience, mission agenda agreed, background documents compiled.

Composition of the Peer Review Team will be informed by the results of activities 1.1, 1.2, and 1.3 based on relevant recent experience of similar reform priorities. The CEGG, in consultation with the Bulgarian authorities, will identify a team of 3-5 Peers from relevant member States with appropriate knowledge and experience of the topics and issues of concern to Bulgaria. One or two independent consultants – one at least with experience of the country's context – will join the team.

The date of the mission; a list of institutional representatives and stakeholders to meet; and a draft agenda will be agreed in advance with the Bulgarian authorities.

Activity 2.2 Peer Review exercise involving senior officials from other CoE member states

Peer Review team travel to Bulgaria accompanied by CoE official and expert consultant(s) to meet with stakeholders.

Peer Review mission takes place over 2-3 working days beginning and ending with a meeting between the Peer Review Team and the Bulgarian authorities (MRDPW / MoF as appropriate).

At the end of the visit, the Peer Review Team will present preliminary findings and recommendations orally to the host authorities and DG REFORM (as appropriate).

Activity 2.3 Peer Review Report drafting

On the basis of Peer Review mission and additional contributions from Peers, Report drafted and presented to Bulgarian authorities.

The Report will include examples of good practice and pitfalls encountered in the adoption and implementation of relevant policies in member States represented by the Peer Review team.

Publication of the report remains at the discretion of the Bulgarian authorities.

Output 3: Policy advice document including recommendations for administrative, operational, regulatory and legislative changes to local financing based on best European practice.

In light of the Technical Report (output 1), Peer Review Report (output 2), and other emerging needs, CoE consultants engaged to prepare specific policy advice document as agreed with the Advisory Group.

In order to produce the output, the CoE will perform the following activities:

Activity 3.1 Policy advice on financial equalisation policy

CoE consultants, in consultation with the Ministry of Regional Development and Public Works, The Ministry of Finance, the National Association of Municipalities of the Republic of Bulgaria and other relevant stakeholders, will draft policy advice document taking into account the specificities of the situation in the Republic of Bulgaria and based on good European practice to help improve the financial equalisation mechanism.

Activity 3.2 Policy advice on measures to promote fiscal autonomy at local level

CoE consultants, in consultation the Ministry of Regional Development and Public Works, The Ministry of Finance, the National Association of Municipalities of the Republic of Bulgaria and other relevant stakeholders, will draft policy advice document containing recommendations and actions to promote fiscal autonomy at local level based on good European practice, taking into account the specificities of the situation in the Republic of Bulgaria including with reference to the Constitution.

Activity 3.3 Project Final Conference

Project outputs including legal and policy advice and capacity-building curricula to be presented at a final conference.

The final conference will gather all relevant project partners and beneficiaries – the Ministry of Regional Development and Public Works, the Ministry of Finance, the National Platform of Partners for Good Democratic Governance at Local Level, the Council for Decentralisation of State Governance of the Council of Ministers, the National Association of Municipalities in the Republic of Bulgaria (NAMRB), and the Municipalities themselves – to present and validate key outputs and achievements of the project.

The event will serve as a high visibility moment to raise awareness and promote local ownership of results.

Output 4: Training curricula and materials prepared and adapted for use in capacity-building activities for and by local officials and the local government association based on relevant Centre of Expertise for Good Governance (CEGG) toolkits.

In parallel with the comprehensive analysis of the policy and legislative provisions relating to the legal, administrative and operational framework for municipalities in Bulgaria, a training needs analysis will be carried out in close cooperation with the National Association of Municipalities of the Republic of Bulgaria to develop training curricula based on relevant elements of [CEGG toolkits](#).

In order to produce the output, the CoE will perform the following activities:

Activity 4.1 Stakeholder mapping and training needs analysis of municipal resources

Comprehensive mapping and [Training Needs Analysis](#), led by CoE consultants with support from local implementing partners carried out.

Activity 4.2 Pilot exercise to establish benchmarks for local finances and standard expenditure needs

Using CEGG Local Finance Benchmarking for central and local authorities and SOSE Standard Expenditures Needs methodology, pilot exercise carried out among representatives of central authorities, notably the Ministry of Finance, and a sample of Bulgarian municipalities proposed in consultation with the NAMRB.

Activity 4.3 Consultations of the different stakeholders and workshops to validate the different steps

Public consultation meetings arranged to present adapted benchmarks and indicators

Activity 4.4 Capacity-building and awareness-raising activities based on relevant sources including CEGG toolkits.

Training programme, including manuals and training materials, developed and implemented based on relevant modules of CEGG toolkits including [Local Finance Benchmarking](#), [Performance Management](#), [HRM](#), [LAP](#), and [URSO](#).

Activity 4.5 Provision of trainings and training of trainers

Series of trainings including for high level officials and training of trainers is implemented by CoE experts to ensure sustainable transfer of competences, develop local expertise, promote cascade learning and a reinforced sense of ownership of outputs.

Activity 4.6 Development of guidance and guidelines to feed the reform process

Strategic guidelines and practical guides (including on best practices) for improving public financing and accountability developed and/or adapted and translated to support the decentralization reform process across all levels of government.

3. LOCATION AND DURATION

3.1 Location

The activities will be organised by the CoE Project Team located in France, Strasbourg.

Presentations, workshops, conferences, and / or any other meetings where physical presence of the CoE Project Team is required are to take place in Bulgaria, Sofia.

Certain project activities such as the field visit, Peer Review exercise, and training of trainers activities will take place (sanitary-conditions permitting) in Bulgaria both in Sofia and on visits to the municipalities.

In light of changing sanitary conditions, as well as emerging travel restrictions, the meetings, where the presence of the CoE Project Team is required, might be organised via multimedia tools for audio-, video-conferencing agreed with DG REFORM and the authorities.

3.2 Indicative timeline for the activities

The operational implementation period of the Project is expected to last 20 months. The operational implementation period is measured from 15 June 2022 on condition of approval of the DPD by the Steering Committee.

The schedule of the activities and outputs is set out as indicated in the following table (indicative timeline) assuming continued support and commitment by Bulgaria and assuming no delays in establishing meetings with stakeholders, accessing relevant policy, legal and regulatory documentation and organising relevant presentations, workshops and conferences, including the availability of participants for the events.

Result	The month of the implementation period																				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Output 1	■	■	■	■	■	■	■	■	■	■	■	■								■	
Activity 1.1	■	■	■																		
Activity 1.2			■	■	■	■															
Activity 1.3				■	■	■	■														
Activity 1.4						■	■	■	■	■											
Output 2				■	■	■	■	■												■	
Activity 2.1					■	■	■														
Activity 2.2						■	■	■													
Activity 2.3								■	■												

Output 3																			
Activity 3.1																			
Activity 3.2																			
Activity 3.3																			
Output 4																			
Activity 4.1																			
Activity 4.2																			
Activity 4.3																			
Activity 4.4																			
Activity 4.5																			
Activity 4.6																			

Table 1: Indicative Timeline (by month from start of the Project)

3.3 Language

All meetings and technical (including preparatory meetings) discussions will be conducted in English.

Simultaneous interpretation into English will be provided by the Council of Europe, if required.

All outputs under the Project will be produced in English.

The CoE will translate Outputs 1, 2, and 3 into Bulgarian. The costs associated with the translation are included in the Annex 2 (Budget). The costs associated with the translation of Output 4 will be borne by Bulgaria.

4. ORGANISATIONAL SET-UP

4.1 Organisation of the Project

The Project is organised in the following way:

4.1.1 CoE

The project governing body is the Project Advisory Board (PAB). The PAB will be composed of the representatives of the Project's donor (DG REFORM), the Ministry of Regional Development and Public Works of Bulgaria, the Ministry of Finance of Bulgaria, the National Association of Municipalities in the Republic of Bulgaria, other relevant Civil Society Organisations (CSO) and the Project team. The PAB will

meet once every 6 months to discuss implementation of the project, assess achievements of outputs, analyse results and discuss future actions. The PAB will elaborate the strategy of the project and will address any major issues the project might face.

The responsibilities of the PAB are the following:

- to adopt the overall work plan of the project and the 6 month work plans;
- to assess progress and agree on the upcoming priorities under the Project;
- to agree on any adjustments to the programme outputs and/or work plans;
- to conduct a final review of the project's implementation and results;
- to ensure that measures are taken to ensure the widest possible dissemination of the project results;
- to recommend strategies for future sustainability.

The Council of Europe (Project Management Team) will provide the secretariat for the PAB meetings which will also include preparing presentations before each PAB meeting and minutes of the PAB.

The CoE team is responsible for coordinating and administering the Project, as well as for consulting with DG REFORM and with the Project team from Bulgaria, on the Project's outputs.

The Project will be implemented by the Centre of Expertise for Good Governance (CEGG) of the CoE. The overall co-ordination of technical co-operation implemented by the CoE falls within the remit of the Office of the Directorate General of Programmes (ODGP), which steers the programming and fund-raising for co-operation actions, and is responsible for reporting (narrative and financial) to DG REFORM. Management of the Project implementation will be ensured at CoE headquarters in Strasbourg by senior management (CEGG and Good Governance Division), and by dedicated project staff. The roles, functions and responsibilities of the respective units are clearly described in Organisation's procedures and integrated into respective work-plans.

The Project team will include a full-time senior Project Officer and a part-time Project Assistant who will be responsible for managing and implementing this project.

The CEGG will mobilise relevant European and national experts. Contracting of experts will be undertaken in accordance with the CoE procurement rules and procedures.

Civil servants and other staff employed by the beneficiary institutions, or other staff of the public administration whose regular working tasks coincide with the tasks required under a national consultancy, shall not be engaged as consultants of the CoE and their service shall not be paid from the approved Project budget.

Senior Project Officer (full-time): The Senior Project Officer in Strasbourg will ensure project's compliance with CoE recommendations and relevant international standards and act as a quality controller of the designated outputs and project's reports. S/he will be responsible for overseeing the coordination between the grantee NGOs, the project's national and international consultants. S/he will follow and advise on the overall activity and resource planning, monitoring and reporting overall progress and will make sure the activities are strategically designed and implemented, thus ensuring long-term impact and sustainability. The Senior Project Officer will critically assess the progress being made under the project, any obstacles encountered and new opportunities, thus contributing to identifying and implementing solutions to any problem encountered during project implementation. S/he will also finalise all project reports, prior to its submission to the beneficiary and the Donor, ensuring that qualitative assessment of the project's results is enclosed. In close coordination with the grantees, s/he will oversee the planning and budgeting under the project and will provide initial assessment of the quality of the outputs and deliverables made by the consultants. S/he will guarantee proper input, on a daily basis if needed, from the Strasbourg-based

monitoring mechanisms, as well as to co-ordinate with and draw on the standard-setting and peer pressure bodies, also based in Strasbourg.

Project Assistant (part-time): The part-time Project Assistant in Strasbourg will be closely involved in providing secretarial support in the planning and organisation of activities in accordance with the work plan, including venue preparation, travel and accommodation arrangements for consultants, trainers and participants. Namely, s/he will assist the project team in initiating all administrative procedures including contractual engagements for every respective activity under the Work Plan, provide secretarial and logistical assistance for consultants participating in the activities and other related tasks. S/he will be responsible for day-to-day financial and administrative aspects of the project, in particular draft commitment requests, verify receipts and documentation before payments, prepare and follow up missions and contribute to financial reports. S/he will be responsible for keeping track of all administrative files, financial arrangements concerning project events, as well as to deal with the organisation of events directed from Strasbourg (study visits, expertise, staff travels, etc.).

Financial Assistant (part-time): The part-time Financial Assistant in Strasbourg will be responsible for providing support in financial and budgetary matters; examine commitments and actual expenditure (e.g. invoices, payments, missions, etc.) for conformity with applicable regulations; analyse differences between the budgetary estimates and actual expenditures, prepare/monitor purchase orders; tender procedures; prepare periodical financial reports; reports to the Senior Project Officer on the status and progress of activities and if and when problems occur.

The recruitment of project staff will be carried out in full compliance with the CoE Rules and Regulations. The recruitment remains the responsibility of the CoE which will make final decisions on any appointment. The CoE will inform the beneficiaries about final results of the recruitment procedures at its earliest convenience, as well as of any changes of human resources policy during the implementation period.

4.1.2 Resources to be outsourced

The CoE will outsource resources for implementation of this Project, by means of grants awarded to implementing partners. The outsourced resources should notably cover expenses related to provision of local expertise and logistical support in the organisation of activities. Up to 4 grants will be awarded to relevant organisations or institutions in Bulgaria that have particular expertise and experience in the topics of the project and access to a relevant network of national experts.

The tentative list of grantees include:

- National Association of Municipalities in the Republic of Bulgaria,
- Foundation for Local Government Reform,
- Citizen Participation Forum,
- National Association of Municipal Clerks of Bulgaria

4.1.3 Resources to be made available by Bulgaria

Bulgaria will constitute a Project team including representatives of Ministry of Regional Development and Public Works, which have been identified by Bulgaria as relevant. Bulgaria will appoint a Project team leader who will act as national contact point for the activities and ensure coordination with the CoE and other national stakeholders.

Bulgaria will provide all necessary equipment, its experts and any documents, data and information necessary for the implementation of the Project. Bulgaria will also provide full support of technical equipment to the CoE, including available rooms for meetings, presentations, workshops, conferences and meetings in their premises, internet access, teleconference facilities and organisation of the meetings with other stakeholders. Bulgaria will take care of the translation of all relevant documents necessary for the performance of the Project into English.

4.2 Coordination with DG REFORM

Coordination of work with DG REFORM will be done in line with provisions of Section 4.4 of Annex I to the Agreement.

The CoE and DG REFORM shall have regular exchanges on the progress of the Project and schedule of Project activities for the following month(s), including missions.

In addition, an Advisory Group (AG) will be established at the beginning of the Project. The AG will be composed of representatives of the Ministry of Regional Development and Public Works (and other relevant stakeholders from Bulgaria including Ministry of Finance), DG REFORM and the CoE and will convene quarterly to take stock of the status of activities, review output progression and advise on the implementation of the Project.

5. PROJECT-SPECIFIC RISKS AND UNCERTAINTIES ABOUT IMPLEMENTATION

Section 6 of Annex I to the Agreement identifies a number of risks associated with the implementation of the Agreement in general and proposes relevant mitigation measures. These risks and mitigation measures shall be taken into account for implementation of this Project.

In addition, the table below provides for information regarding project-specific risks and proposed mitigating measures.

Table 2: Project-specific Risk Analysis and Mitigation Efforts

Risk	Mitigation measure
Lack of understanding about the roles and responsibilities of project partners.	All clear division of responsibilities for all planned activities will be agreed at first AG meeting. Implementing partners will sign Grant Agreements with the CoE containing detailed explanation of their responsibilities and expected deliverables. Regular progress reports and meetings will be arranged to ensure timely implementation of activities and early warning of potential delays.
Political changes affecting governmental policy and/or composition of AG.	CoE advice and recommendations to be presented in an unbiased, impartial manner to avoid politicisation. Clear activity planning, and mobilisation of local stakeholders through outsourced resources will help ensure buy-in and local ownership of planned project outputs.

6. PUBLICATION AND DISSEMINATION OF MATERIALS

Dissemination and / or publication of any materials (including outputs) produced under this Project shall respect the relevant provisions of the Communication and Visibility plan (Annex VI of the Agreement).

The overall communication objective under this project is to raise awareness of good democratic governance principles, European standards in municipal governance reforms, and the role of the EU and the CoE in contributing to this process.

Publications	
Publications and other written materials to be published	Outputs 1, 2, and 3 may be published on the webpage of the Centre of Expertise for Good Governance (subject to agreement of the Bulgarian authorities)
Communication activities	
Events	Activity 3.3 – final conference to celebrate project achievements and disseminate outputs.
Social media	CEGG webpage, twitter feed and Facebook page will be used to communicate about public-facing activities such as 1.2, 1.3, 3.3, 4.2, 4.3, 4.4
Supporting visuals	All capacity-building activities and materials will be developed and published using agreed visual guidelines and project logos.
Websites	CEGG webpage will be used to communicate about public-facing activities such as 1.2, 1.3, 3.3, 4.2, 4.3, 4.4 and other relevant activities as appropriate
Other	Activities such as the Peer Review and fact-finding mission will be reported to the CDDG and, by extension, in the annual activity report of the CEGG to the Committee of Ministers of the Council of Europe.

APPENDIX 1. INDICATIVE LOGICAL FRAMEWORK MATRIX⁷

	Intervention logic	Indicator	Values of reference <i>(per indicator)</i>		Sources and means of information	Assumptions
			Baseline <i>(incl. source and reference date)</i>	Target <i>(incl. reference date)</i>		
Impact	Bulgarian municipalities have increased financial autonomy	A new fiscal framework is adopted by the Government. Congress monitoring report acknowledges progress in financial autonomy and management	Congress monitoring report – CG(2021)40-20: Strong dependence on financial transfers; Lack of resources to perform functions Low share of resources from local taxes	Strengthened capacity of municipalities and improved financial resources acknowledged in next Congress monitoring report (c2030)	OECD report Congress monitoring reports	Fiscal decentralisation measures adopted; municipalities develop financial autonomy; municipal and regional development policies pursued.

⁷ Please note that the explanations provided here for impact, outcomes, outputs and activities are only for explanatory and illustrative purposes. In case of doubt, please refer to definitions included in the text of the relevant agreement.

Outcome 1	Legal, financial and strategic framework for fiscal decentralisation has been improved and the level of own revenues of municipalities has increased.	1.CoE Peer Review Recommendations endorsed for implementation by MRDPW 2. % of own resources in municipal budgets.		1. Future CoE Congress monitoring report on Bulgaria acknowledges improvement in financial decentralisation and fiscal autonomy of municipalities. 2. A comprehensive package of relevant Policy advice is submitted to the Bulgarian Government.	1. Monitoring Report of the Congress of Local and Regional Authorities of the Council of Europe. 2. Communication by CoE to the Bulgarian Government containing the relevant Policy advice.	The Policy advice is validated by Bulgarian authorities and its recommendations are adopted at the national level. Municipalities have the capacities to manage increased financial resources.
Outcome 2	Local officials have developed competences to apply relevant benchmarks and measure performance.	Number of relevant participating municipalities in the project's capacity-building activities, number of implemented activities; number of participants in activities, number of trainers trained. Number of benchmarks / processes adopted at municipal level in light	At present, only small scale capacity-building activities based on CEGG Best Practice Programme toolkit and Cross-border Cooperation Toolkit have been implemented.	150+ participants in capacity-building activities; 10+ capacity-building activities implemented; 5+ training of trainers. 2+ Benchmarks adopted	Project reports. Project related documents.	Municipal officials motivation and commitment to participate in capacity-building activities

		of capacity-building activities				
Output 1	Technical report with a comprehensive updated analysis of existing legal, administrative and operational framework for municipalities.	Draft Technical report is prepared.	No legal or policy advice documents on the relevant topics have been prepared by the start of the Project.	The relevant Technical report containing legal or policy advice is submitted to the Project beneficiary.	Communication by CoE to the Project beneficiary containing the Technical reports that include relevant legal or policy advice.	No deviations in the implementation of the workplan.
Output 2	Peer Review report with recommendations for improvements to legislative and fiscal framework for decentralisation.	Peer review report delivered citing relevant experience from 3+ CoE member states	No previous CoE Peer Review Report prepared.	Report containing advice and recommendations based on practice in 3+ CoE member states delivered.	Project reports. Project related documents.	High-level officials from CoE member states with relevant experience agree to participate in Peer Review.
Output 3	Policy advice document including country-specific recommendations for administrative, operational, regulatory and legislative changes to local financing based on best European practice.	Policy advice prepared in line with decentralisation reform agenda.	Until the start of the Project, no CoE technical or training materials have been produced and delivered to the relevant beneficiaries.	By the end of the Project, at least 5 training or technical materials (national benchmarks, national tools for capacity building, etc) will be prepared and delivered to the relevant beneficiaries.	Project reports. Project related documents. Communication by CoE or CoE consultants to the relevant beneficiaries containing the prepared materials.	No deviations in the implementation of the workplan.

Output 4	Training curricula and materials prepared and adapted for use in capacity-building activities for and by local officials and the local government association based on relevant Centre of Expertise for Good Governance (CEGG) toolkits.	TNA identifies key capacity-development needs. Number of training modules developed based on CEGG toolkits.	Reports indicating low administrative and technical capacity of municipalities in Bulgaria	Training curricula validated / endorsed by National Association of Municipalities and National Association of Municipal Clerks.	Project reports. Project related documents. Communication by CoE or CoE consultants to the relevant beneficiaries containing the prepared materials.	CEGG toolkits respond to capacity-development needs.
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