



## **Prime Minister Stanishev met with EIB's President Philippe Maystadt**

Bulgaria will be a dignified member of the EU from 1 January 2007, because we are ready to undertake and fulfil the commitments deriving from this membership. Our country will give its contribution to the Community by bringing about sustainable economic growth and improving business environment, the Prime Minister pointed out at a meeting with the EIB's Chairman of the Board of Directors Philippe Maystadt. After its accession to the Union Bulgaria will become a shareholder in the Bank, the financial institution of the EU. Our share capital is expected to be EUR 296 mln.

At the meeting Prime Minister Stanishev, Minister of Finance Plamen Oresharski and President Philippe Maystadt discussed cooperation and programmes financed by the Bank. The European Investment Bank will assist our country in the absorption of the financial resources from the EU Funds and in the implementation of public-private partnership. The Prime Minister handed to Mr Philippe Maystadt a copy of the National Strategy for Integrated Infrastructure Development in Bulgaria up to 2015 that breaks down into years and sources of financing the priority infrastructure projects to be implemented in the next years. The Memorandum of Understanding on Development and Financing of the Infrastructure between the government and the EIB was signed by Minister of Finance and the Bank's President.

The European Investment Bank along with the EC and the European Bank for Reconstruction and Development are founders of JASPERS initiative. It renders grants for the technical preparation of big infrastructure projects that are to be financed under the EU Structural and Cohesion Funds.

At the end of August the government adopted a draft of the Agreement on the JASPERS Activity and Action Plan for 2006. Our country received technical assistance under 6 projects:

- construction of Struma motorway
- waste management in Sofia
- construction of a four-lane road Rousse-Veliko Turnovo
- improvement of the the conditions for navigation along the Danube – from Batin ssland to Belene island
- National Centre for Hazardous Waste Treatment
- closure and rehabilitation of the old landfill in Rousse

With the assistance of the Bank in the form of 3 state loans for over half a million EUR, the government's programme envisages the implementation of three infrastructure projects for the next year :

- The EIB will provide EUR 150 mln for the reconstruction and electrification of railway line Plovdiv-Svilengrad. This is the biggest transport project underway in the Bulgaria at the moment. It's worth EUR 360 mln, EUR 153 mln is a grant from the EU under the ISPA Programme – the biggest financial support granted by the EC for a Bulgarian transport project.
- Another EUR 380 mln will be granted for the modernisation of the road infrastructure under Transit Roads V project.
- The EIB will give about EUR 14 mln under the Improvement of the Water Cycle in Three Towns in Bulgaria: Sliven, Vratsa and Gabrovo.

Nearly EUR 1 bln has been granted to Bulgaria by the EIB since 1992. The Bank participates in the cofinancing of big transport infrastructure projects funded under ISPA Programme. The Bank's funds are used for the reconstruction of Sofia Airport, the Pan-European road network; the construction of the second bridge over the Danube; construction of three waste water purifying stations in Haskovo, Stara Zagora and Dimitrovgrad etc.



## Road transport

### Minister Mutafchiev met Minister Dr. Alois Rhiel

The Minister of Transport Peter Mutafchiev met today the Minister of Economic, Transport and Public Works of the German Federal Province Hessen Dr. Alois Rhiel. The goal of the talks was to activate the current cooperation and to lay down the new possibilities for cooperation between the two countries in the field of transport.

Peter Mutafchiev indicated the following possible areas for future bilateral partnership – the navigation on the river Danube, the organization of the port activity, the building of a river information system, the exchange of know-how by the realization of a project for managing of ship scraps, the encouragement of the river tourism, the port concession etc.

In the field of railway transport, the Bulgarian side counts on mutual support for further development of the cooperation, especially through the signed agreement between “BDZ” EAD and DB AG for mutual support and cooperation. As Minister Mutafchiev said it will help for the increase of the freight exchange between the two countries.

As a good example for the current successful partnership minister Mutafchiev emphasized the concession of the airports in Varna and Burgas by the German concern “FRAPORT”.

The Minister of Economic, Transport and Public Works of the German Federal Province Hessen Dr. Alois Rhiel said that Hessen is not only an economically most powerful province in the Federal Republic, but also one of the most dynamically developing economical regions in Europe. The development of the transport is one of the most important factors, characteristic for this area. With regard to this, as he said, the cooperation with the German Partners in the building of the road network, as well as some railway segments will be beneficial.

The both ministers agreed that Germany will be useful to Bulgaria in the field of acquiring of the European funds.



*Minister Petar Mutafchiev*

### Four Companies Submitted Tenders for Danube Bridge 2

The valuation of the most important auction for the design and constructing works of the new combined bridge (railway and road), over the river Danube, near Vidin-Kalafat started. The tender procedure was being carried out on the EU limited auction rules, according to the Practical Manual of the European Commission. The participants, included in the short list and which have submitted their tenders are:

- Consortium “Bouygues” (France) – Transstroy Varna” (Bulgaria) – Rizzani Eccher” (Italy) – 183149517,63 Euros, 0% abatement;
- FCC (Spain) – 105216787,40 Euros, 5% abatement (5260839,37);
- Consortium “Zublin” (Germany) – “Eiffel” (France) – 158297964,65 Euros 0%abatement;
- Consortium “VINCI” (FRANCE) – “Glavbolgarstroy” (Bulgaria) – “Moststroy” (Bulgaria) – 268210613,00 Euros, 0% abatement.

The construction of the new bridge is one of the biggest and most complicated projects, undertaken by the Bulgarian government. The development of the project began in June 2000 with the signing of the Agreement between Republic of Bulgaria and the government of Rumania, regarding the technical, financial, legal and organizational matters, connected with the building of the bridge.

The main goal of the project is the integration of the Bulgarian road and railway network with the pan-European transport network, through the development of the Transport Corridor № IV. This corridor is the backbone of the transport infrastructure, connecting Southeast with Central Europe. The building of a combined (road and railway) bridge, together with the other planned projects, regarding modernization of the main road and railway approaches to the bridge, and those which are being carried out will eliminate the bottleneck and the limitations by transporting people and goods. The new bridge will conduce to the economical development of the region and will generate a significant amount of work places.

All short list participants are outstanding international consortiums with excellent reputation.



## Roads



## Road transport

### Seminar on working conditions in the road transport sector

In October the Bulgarian Transport Press organised a seminar on the challenges, which will be faced by the Bulgarian international transport operators after Bulgaria joins the EU. The following topics were discussed: issuing of euro-licences and permits, implementation of digital tachographs for the new vehicles, organisation of the working time, driving and rest time, requirements to the regenerated tyres, customs procedures, VAT requirements for operators and forwarders.



Lecturers were experts from Executive Agency Road Transport Administration, AEBTRI, Customs Agency, etc. It came clear that the transport operators, engaged in domestic transport, will benefit a 5-year transition period before the euro-licences become compulsory for them as well. It was pointed out that the new organisation of the working time, driving and rest periods are in compliance with the requirements of CE and AETR and is aimed at improving road safety, but will limit further on the flexibility of the transport operators.

### Over EUR 5 bln to be invested in infrastructure projects by 2009

The government plans to invest nearly EUR 5.2 bln according to its National Strategy for Integrated Development in infrastructure projects till 2009. Nearly EUR 4 bln of the projected funds will be channelled into transport infrastructure projects, over EUR 1 bln are earmarked for environment, EUR 50 mln – for the energy sector, and EUR 12 mln for irrigation systems and veterinary issues.

The development and modernisation of the infrastructure is a priority of the Bulgarian government and is of particular significance for boosting the competitiveness of the Bulgarian economy, improving the investment climate and the overall economic and social development of Bulgaria and its successful practical integration into the EU.

There are three priority areas for the implementation of the infrastructure projects – transport, environment and energy. The priorities in the development of the transport infrastructure include the construction of the motorways and the stretches of the European transport corridors that cross the country, as well as renovation of the railway infrastructure. The government's policy is directed to encourage Public-Private Partnerships in the construction of motorways, airports, etc.

For the whole period covered by the Strategy, i.e. until 2015, investments into infrastructure projects are expected to reach almost EUR 8 bln, which will be distributed as follows: about EUR 6 bln for transport infrastructure, over EUR 2 bln for environment, and the rest – for irrigation systems and veterinary issues. The main funding sources for the projects will be the Structural and Cohesion Funds of the EU, PPP, the national budget and loans from international financial institutions.

The National Strategy has been drafted by the Coordination, Control and Implementation of Infrastructure Projects of National Significance Council, chaired by Prime Minister Sergei Stanishev. Its members include ministers heading the respective Ministries, namely of Economy and Energy, of Transport, of Environment and Water, of Finance, of Regional Development and Public Works, of Agriculture and Forestry and of Public Administration and Administrative Reform, as well as the Executive Director of Roads Executive Agency and the Director of Economic and Social Policy Directorate at the Council of Ministers.

### State loans of EUR 380 mln to fund five infrastructure projects in 2007

In 2007, state loans amounting to EUR 380.4 mln will fund the implementation of five infrastructure projects.

The Programme for Rehabilitation and Reconstruction of the Roads of the Republican Road Network Rank II and III will be financed through a loan from the World Bank. It amounts to EUR 90 mln. Under the Programme, 440 km are scheduled to be modernised.



## Roads

EIB funds will finance the reconstruction and electrification of railway line Plovdiv-Svilengrad to the Greek and Turkish border. The speed limit in that stretch will reach 160 km/h. This is the biggest transport site that is being implemented in the country at the moment. Its project cost reaches EUR 360 mln. EUR 150 mln comes from the European Investment Bank, while EUR 153 mln is a grant from the European Commission under ISPA. This has been the biggest financial support allotted by the EC for a Bulgarian transport project.

### **The Republican Road Infrastructure Fund to replace the Road Executive Agency**

The government adopted the Rules for the Structure, Work and Organisation of the Republican Road Infrastructure Fund. Under the draft amendments approved by the cabinet on 8 August, the Roads Executive Agency will be restructured into the Republican Road Infrastructure Fund subordinate to three Ministers – the Minister of Finance, the Minister of Transport and the Minister of Regional Development and Public Works.

The state policy of planning and construction of the road infrastructure will be implemented by the Minister of Transport, while the Republican Road Infrastructure Fund will be responsible for the management of road projects in the country, in fulfillment of the transport policy. This enables the optimum planning and implementation of the Transport and Regional Development Operational Programmes as well as the absorption of EU funds under the programmes. The Transport Programme will finance the construction of new highways and the rehabilitation and modernisation of existing first-class roads of national, European and cross-national significance. The Regional Development Operational Programme will cover the rest – second-class and third-class roads.

The Fund will receive its financial resources from the following sources: the state budget, funding under the Cohesion and Structural Funds of the EU, fees collected under Art. 10 and 18, para 3, section 1 of the Roads Law, etc.

### **JASPERS Initiative to give grants for technical preparation of big infrastructure projects**

JASPERS Initiative will provide grants for the technical preparation of big infrastructure projects, with which the country applies for the EU's Structural and Cohesion Funds. The government approved the draft Agreement on the work of JASPERS and the action plan for 2006. It aims to enhance the quality of the draft documents, step up the implementation of projects and the absorption of EU funds.

JASPERS Initiative is an instrument for the preparation of big infrastructure sites in the Community's member states. It was established at the end of 2005 by the European Commission, the European Investment Bank and the European Bank for Reconstruction and Development in order to lend support for the preparation of priority national projects, scheduled to be funded under the Structural and Cohesion Fund of the EU.

The action plan for 2006 was approved by the European Investment Bank. Technical assistance under 6 projects is going to be given, among them: - the construction of Struma Highway; - the establishment of a four-lane road from Rousse to Veliko Turnovo;- the improvement of the navigation along the Danube River.

The government appointed the Minister of Finance to be National JASPERS Coordinator.

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