

# Project Application Form Under the Recovery and Resilience Facility

<b>1. Project Name.</b>
<b>Culture and Creative Industries in Bulgaria: building an inclusive, internationally competitive and sustainable ecosystem</b>
<b>2. Description of the Project (objectives, main activities).</b>
<p><i>“To my mind, the cultural side of our continent is just as important as our economic outreach. Europe can and must become a real, vibrant ecosystem in the 21st century, a strong community based on the three challenges, the environmental, digital and social challenges.”</i></p> <p style="text-align: right;"><i>Thierry Breton, European Commissioner for Internal Market</i></p> <p>The overall objective envisages through legislative reforms, decentralisation and programmes' implementation to increase the effectiveness, efficiency and relevance of government action, taking into account current challenges, needs, and expectations of both citizens and businesses, strengthening resilience and where necessary, tailored to the green and digital transition.</p> <p>The COVID-19 crisis disproportionately affects the society in general and exacerbates existing social and economic challenges. In the area of cultural and creative industries (CCIs), the crisis requires measures to fix the gaps already identified in previous years mainly in lack of efficient cultural and social policies, and public spending. The CCIs sector was most affected by the pandemic, and in 2020 the share of jobs at risk in the field has increased dramatically. The introduced measures have led to a sharp decline in revenues, which in turn leads to a reduction in profits and an increase in the risk of job losses in the sector. CCIs challenged by digitization and globalization and their powerful impact on the way artists produce and distribute their works and relate to their audiences. According to Eurostat data for 2019, the employed in the sector of culture and creative industries in Bulgaria are 2.7% of the total number of employed persons in the country. CCIs is atypical sector - due to its business model and by the underlying nature of its activity related both to economy and to non-tangible assets such as self-expression or social cohesion. The cultural sector in Bulgaria is still dominated by publicly owned and publicly-funded structures that function as state-owned enterprises. Private CCIs are mostly formed by small companies, not-for-profits and individual self-employed artists. Bulgaria's CCIs contributions to national GDP (4 %) and to employment (3,7 %) are comparable to the EU average and show a steady growth. However, the development of Bulgarian CCIs is confined by the restricted possibilities to enter new markets and to reach new audiences, both domestically and internationally, as well as by the conservative and still unreformed national cultural policy. As much as 85% of the cultural spending from the central budget goes to capital expenditure, maintenance of public cultural bodies and staff remuneration. This structure of the public spending works towards preserving the status quo rather than encouraging cultural activities, new productions and audience development let alone</p>

innovations, talent development or entrepreneurship. According to Eurostat (2015), consumption of cultural goods and services in the country is below EU average and “lack of access” is quoted among the main reasons for that. Bulgaria’s contribution to the diverse yet unifying European cultural market, is highly limited even in comparison to fellow-member states such as Romania or Slovenia. With the exception of cinema production where a rise in international presence is notable in the last years, Bulgarian cultural products remain confined to the domestic (language) market and their “export” is mostly via sporadic, state-orchestrated campaigns.

In view to provide a better policymaking and implementation, enhanced transparency, trust and integrity in the public sector, the project foresees an implementation of reform in public spending and decentralisation of state cultural policies on national and local level.

Moreover, it aims to improve legislative procedures and approaches to regulation, better planning, evidence-informed practices, and inclusion of stakeholders as well as by enabling a user-friendly digital environment and increased use of open data and novel tools in cultural policy making. The competences of civil service managers need further strengthening, as recalled in Country Specific Recommendations (CSR): dealing with a changing world and addressing new challenges such as green and digital transition, require an effective and efficient civil service management that should possess analytical, regulatory, delivery, coordination, and management capacities. This includes having the capacity to develop and implement strategies, including selecting and making investments to achieve policy objectives; ensuring stakeholder engagement; measuring the impact on the basis of reliable data; and achieving results that are compliant with EU law, such as rules on Public procurement act and State aid. These competences need to be further developed to maximise economic development and performance.

By launching and implementation of three Programmes in the project frame, it will stimulate the growth in CCIs and expand European cultural cooperation. This policy shift will place a greater than ever focus on project-based approach that stimulates competition, innovations and alternative financing instruments, on enlarging the market for CCIs both domestically and at European scale, and on decentralisation of cultural activities.

The project will further reform existing policy instruments at national and local level, will raise the capacity of the administration and cultural actors, will encourage intra-sectoral and cross-sectoral partnerships in IT sector, tourism and education. The project will allow for the full potential of culture for the society’s resilience to be mobilised for recovery and post-crisis social, human and economic development. It will further contribute to raising the quality of life of Bulgarian citizens, including in less-developed regions of the country, will increase the contribution of culture to economic growth, will enlarge the market of cultural goods and services, will increase employment particularly among young population, and will contribute to combating social inequalities.

The entailed package of reforms and investments pursue the following objectives:

- 1) Raise the quality, efficiency and transparency of public spending in culture by improving legislative procedures and approaches to regulation under the reforms concerning the statute and functioning of the National Culture Fund (NCF) and municipalities; Increase predictability and effectiveness, coherence and inclusiveness of policymaking through transparent planning, stakeholder consultation, evaluation, coordination and monitoring,

- 2) Mobilise the full potential of culture in overcoming the social consequences of the COVID-19 crisis, combat isolation and the process of disintegration of communities,
- 3) Improve employment opportunities in CCI, particularly for young people, by offering a capacity-building programmes and by investments in projects of private CCIs that work predominantly with young people,
- 4) Encourage the digital and ecological approach in the Programmes of the project. Find out and encourage viable SMEs in CCIs developing the new technologies and green policies,
- 5) Raise the presence of and the competitiveness of Bulgarian cultural production at the European market by opening up new international opportunities, markets and audiences that increase the sustainability of cultural operators,
- 6) Stimulate demand by developing audiences and by ensuring equal access to quality cultural production originating from within the Union; diversifying access channels (incl. by a process of adaptation to the digital alternatives for content provision, management, marketing),
- 7) Raise the efficiency and effectiveness of both cultural governance and administration as well as of cultural entrepreneurs by a capacity-building programme. Create an attractive and dynamic civil service delivering for tomorrow.

### **Activity 1. Reforming the public spending for CCIs**

In view to reform the public investments of state policies for CCIs it is required to be carry out a change in the legal framework governing the activities of National Culture Fund (NCF), as well as the activities of municipalities. Currently, the Fund is almost exclusively funded by public funds (Ministry of Culture), does not effectively utilise the legal provisions allowing for diversification of sources, is underfunded and understaffed, lacks public recognition and trust, and is in effect a ministerial programme rather than a fund in its own right.

The activity aims at transforming the NCF created in year 2000 into a structure that supports innovation, growth and international cooperation of Bulgarian CCIs in a transparent and financially sustainable manner. It will also ensure efficient and diligent spending of project funding, laying the ground for sustainability of results achieved beyond the period of action of RRP.

Specifically, the changes foreseen concern:

#### **1.1. Change of legal status**

While the Law on Protection and Development of Culture which set the establishment of the National Culture Fund back in year 2000 foresees its relative independence, the State Budget Law of year 2000 effectively revoked it by transforming the Fund into a second-level spending unit. The Activity builds upon the strategic priority of Ministry of Culture in working towards a new separate Law on National Culture Fund and on the wide consensus in the culture sector on the need for changes in NCF's status. The Action will, therefore, work towards legislative amendments that will ensure NCF's legal legitimacy as a fund with functions in public interest that is controlled by the Ministry of Culture, Ministry of Finance and the Court of Auditors. This change of status will also increase the trust in the Fund on the part of business sponsors, patrons and individual philanthropists.

#### **1.2. Financial provisions**

The reform will allow for actual diversification of the Fund's income sources that is so far highly dependent on central funding and will contribute to the reform's sustainability. These include the 10% deductions for culture provided for in the Gambling Act, copyright

infringements' penalties, rental income, and all other sources allowed as per article 31. (1) Law on Protection and Development of Culture. Effective implementation would require a number of new regulations and decrees to be proposed following a thorough analysis. Changes in legal status as in 1.1. will allow to roll over year-end budget surpluses, and this will immensely increase the Fund's flexibility. NFC with its new type of programmes will encourage the interaction of cultural operators from industry and other participants in the process - IT, SMEs, business organizations and public (municipalities and educational initiatives), which will be put in the position of stimulator of a new type of financial stability under the LEVERAGE sector.

#### 1.3. Governance and decision-taking structure

In addition, the planned reform will introduce new criteria and procedures for appointment of Governing Board, executive management, programme committees as well as a mechanism for public consultations thus ensuring better strategic planning, transparency of governance and avoidance of conflict of interest.

#### 1.4. Administration and digitisation of processes

The action foresees increase of staff related to the increased functions and responsibilities of the Fund, and relevant anti-corruption remuneration. E-system will be developed in view to facilitate all the operations of internal and external administrative processes of the Fund. It will also assist for the launching, applying and reporting under the Funds Programmes. It envisages elaboration and functioning of the digital platform of the products financed under the Programmes. It includes development and maintain of an e-database for identification of self-employment cultural sector as a tool for the status of independent artist. In terms of the argument for covering insurance risks and tax relief, prepared jointly with experts from the Ministry of Finance, the National Social Security Institute and the National Revenue Agency.

#### 1.5. Monitoring and analyses includes linking research, the cultural industry, public policies and related business sector for interaction.

The action foresees introduction of new procedures for monitoring funded projects, their effect and impact, for external consultations with experts and organisations as well as a brand-new department/ research centre for cultural analyses that will support the strategic development of the Fund and will collaborate closely with the academic and scientific community.

The project information provision with regard to NFCs will provide opportunity for planning and implementation of new programmes, and possibility for monitoring and implementation of the impact assessment. Moreover, it will create conditions for development of new strategies for cultural development at national and local level, and will inform the needs assessment of the large-scale capacity building Programme planned in Activity 5 below.

#### 1.6. Coordination: intra- and inter-sectoral

The new structure of the Fund foresees to ensure coordination with related policies at municipal, national and European level by including representatives of relevant bodies in the governing structure, by assigning coordination function to a staff member and by encompassing Creative Europe Desk - Bulgaria into its structure.

### **Activity 2. Programme funding “Support for European cultural cooperation”**

#### **NCF programme-based funding schemes**

The programme aims at supporting the capacity of Bulgarian CCIs to operate at European scale and at promoting the international circulation of Bulgarian artistic works and cultural

products. The activity will provide project-based funding for original productions and European co-productions, transnational dissemination of content, mobility of artists and works. The programme includes three open calls for proposals as follows:

- The grant scope of the first and the second call is from 100 000 BGN to 500 000 BGN with 10% of Beneficiaries' co-financing. It envisaged representation of the Bulgarian CCI's production in the EU platforms and open markets.
- The grant scope of the third call is from 70 000 BGN to 142 000 BGN with 10% of Beneficiaries' co-financing. It will be programmed for creating Bulgarian products and co-productions of the CCI's sector. The call will be launched in four sessions.

Culture and participation in cultural activities has a direct impact on the well-being of citizens. CCIs enhance social values of identity, democracy and community participation. Culture has a great potential to reinforce the European sense of belonging, where diversity represents an asset. This is of fundamental importance to enable resilience, social access, society cohesion, anti-radicalisation and gender equality, and to tackle Europe's political uncertainties and need of unity.

The Programme will also cooperate with, coordinate and scale-up the international cooperation policies of Ministry of Culture, Bulgarian cultural institutes abroad, Ministry of Foreign Affairs.

### **Activity 3. Programme funding “Support for audience development and access” NCF project-based funding schemes**

The program aims at increasing Bulgarian audiences' access to quality cultural production by stimulating demand (audience development) and dissemination as well as by encouraging adaptation to the digital opportunities for disseminating and marketing cultural content. CCIs are undergoing considerable modifications as a result of increased digital technologies giving rise to changes in the conditions of artistic production and influencing intellectual property law. Whereas the pandemic represents an opportunity to rethink the future of culture, and whereas the creation of a more resilient cultural ecosystem requires a broader reflection on the future of the planet and the urgency of responding to the climate crisis.

Societal challenges related to the European identity and cohesion can generally be described in terms of lack of 'bridges' connecting different parts of the society including different territories. They include issues related to social exclusion, the need to build closer intercultural links and developing a sense of common belonging based on our cultural diversity and common heritage that could be addressed through more community participation, innovations in design, architecture and the use of public spaces, as well as culture-led social innovation. The programme will launched two call for proposals with as follows:

- The first call envisages the dissemination of European contemporary CCIs is 28 Bulgarian towns, covering 6 planning regions of the country. The grant scope is from 20 000 BGN to 120 000 BGN with 10% of Beneficiaries' co-financing. The call will be with four sessions.
- The second call aims the dissemination of the contemporary Bulgarian CCIs outside the main regional cities in the six planning regions of the country. The grant scope is from 6 000 BGN to 16 000 BGN with 10% of Beneficiaries' co-financing. The call will be with four sessions.

#### **Activity 4. Programme funding “New generation of local policies for culture”**

##### **Programme-based schemes for Bulgarian municipalities**

Given the important role of culture and creativity for the economic and social development of cities and regions and their ability to further help address disparity, the potential of the CCIs is high. The programme aims at stimulating the process of decentralisation of culture by empowering local and municipal actors, by stimulating strategic and sustainable local policies in culture, by raising the administrative capacity of Bulgarian municipalities. It will do so by increasing the scope and impact of the existing municipal instruments for cultural policies and by encouraging partnerships, networking and exchange of know-how in cultural investments between Bulgarian municipalities. In view to the digital and green approach of the Programme, also it will reuse the industrial heritage sites to be used for the cultural events/happenings.

The programme will launch two call for proposals as follows:

- The first call in which all municipalities can apply for co-financing of their existing fund. The grant scope is from 500 000 BGN to 2 000 000 BGN with 50% of Beneficiaries' co-financing. Municipalities must ensure sustainability and at the application level must have a decision of the municipality councils for at least 50% of the requested amount, determined for the period 2024 - 2027.
- The second call envisaged all municipalities, which do not have an active fund/program for financing cultural projects on a competitive basis. The grant scope is from 100 000 BGN to 200 000 BGN with 25% of Beneficiaries' co-financing. Municipalities must ensure sustainability and at the application level must have a decision of the municipality councils for at least 25% of the requested amount, determined for the period 2024 – 2027.

The information provision of the decentralisation will contribute for more efficient communication between the municipalities and the cultural actors operating on their territory. It will support the communication and implementation of effective solutions for financing culture at the local level and develop better planning and forecasting of municipal budgets for culture.

#### **Activity 5. Capacity building for cultural administration and operators in the CCIs**

A 3-years' scheme to develop new skills and competencies for strategic planning and good governance (for cultural administration) and for new business models and innovative approaches, in particular with regards to the digital shift (for CCIs)

The scheme envisions a mix of online and offline training, tutorships and mentorships, placements and site-visits as well as support for small-scale innovative projects of the participants. Improving the cultural management, cultural entrepreneurship, audience development, utilisation of digital instruments, application of green standards for cultural events. As investing in human capital through developing digital capacity to support resilient and efficient education, training and research systems, it will build a trusted European digital education ecosystem of content, tools, services and platforms, including to improve access to and build digital skills for to distance learning for those groups facing barriers to decrease the digital divide.

The information providing, including digital databases of cultural operators, will generate for formulation and implementation of adequate policies for public development and access to culture by public authorities at central and local level and providing opportunities for cultural operators to plan and implement effective strategies for the sale of their products.

### 3. Beneficiary

Direct beneficiaries:

- public and municipal administration in cultural sector;
- Individual cultural operators and managers, public and private cultural operators in the sector of CCIs,
- CCIs from 'core cultural' sub-sectors (archives, heritage, museums, theatre),
- CCIs from sub-sectors with distinct value chains (video and film, music, visual arts, book and press, architecture),
- private entities, commercial or non-commercial, and non-governmental organisations, established as a legal person in Bulgaria and EU, whose principal activity is in cultural and creative sector.

Indirect beneficiary:

- CCIs from 'industrial' dimension (design, fashion, advertising)
- CCIs from industries driven by creativity such as high-end industries;
- SMEs and operators in education, research, tourism and IT sector.

### 4. Time Schedule for Project Implementation, Including Activities, Stages<sup>1</sup>

Activity 1. Ongoing (April 2021- 2024)

Activity 2. Elaboration of application package for the first and the second calls: last trimester of 2021,

Launching the first call for proposals: 1<sup>st</sup> trimester of 2022,

Contracting of the first call: 2<sup>nd</sup> trimester of 2022,

Implementation, monitoring & evaluation of the first call: 2022-2023

Launching the second call for proposals: 1<sup>st</sup> trimester of 2023,

Contracting of the second call: 2<sup>nd</sup> trimester of 2023,

Implementation, monitoring & evaluation of the second call: 2023-2024

Elaboration of application package for the third call: 2<sup>nd</sup> trimester of 2021,

Launching the third call for proposals/1<sup>st</sup> session: September 2021,

Contracting of the third call/1<sup>st</sup> session: November 2021,

Launching the third call for proposals/2<sup>nd</sup> session: March 2022,

Contracting of the third call/2<sup>nd</sup> session: July 2022

Launching the third call for proposals/3<sup>rd</sup> session: September 2022,

Contracting of the third call/3<sup>rd</sup> session: November 2022

Launching the third call for proposals/4<sup>th</sup> session: January 2023,

Contracting of the third call/4<sup>th</sup> session: March 2023

Implementation, monitoring & evaluation of the third call with four sessions: 2022-2024.

Activity 3. Elaboration of application package for the first call: last trimester of 2021,

Launching the first call for proposals/1<sup>st</sup> session: January 2022,

<sup>1</sup> The time schedule shall be relevant for determining interim targets within the framework of the Recovery and Resilience Plan and is directly related with the disbursement of grant instalments from the Recovery and Resilience Fund.

Contracting of the first call/1<sup>st</sup> session: March 2022,  
 Launching the first call for proposals/2<sup>nd</sup> session: September 2022,  
 Contracting of the first call/2<sup>nd</sup> session: November 2022  
 Launching the first call for proposals/3<sup>rd</sup> session: January 2023,  
 Contracting of the first call/3<sup>rd</sup> session: March 2023,  
 Launching the first call for proposals/4<sup>th</sup> session: September 2023,  
 Contracting of the first call/4<sup>th</sup> session: November 2023  
 Implementation, monitoring & evaluation of the first call: 2022-2024.  
 Elaboration of application package for the second call: last trimester of 2021,  
 Launching the second call for proposals/1<sup>st</sup> session: January 2022,  
 Contracting of the second call/1<sup>st</sup> session: March 2022,  
 Launching the second call for proposals/2<sup>nd</sup> session: September 2022,  
 Contracting of the second call/2<sup>nd</sup> session: November 2022,  
 Launching the second call for proposals/3<sup>rd</sup> session: January 2023,  
 Contracting of the second call/3<sup>rd</sup> session: March 2023,  
 Launching the second call for proposals/4<sup>th</sup> session: September 2023,  
 Contracting of the second call/4<sup>th</sup> session: November 2023,  
 Implementation, monitoring & evaluation of the second call: 2022-2024.

Activity 4. Elaboration of application package for the first call: 2<sup>nd</sup> trimester of 2021,  
 Launching the first call for proposals: September 2021,  
 Contracting of the first call: December 2021,  
 Implementation, monitoring & evaluation of the first call: 2022-2024  
 Elaboration of application package for the second call: 2<sup>nd</sup> trimester of 2021,  
 Launching the second call for proposals: September 2021,  
 Contracting of the second call: December 2021,  
 Implementation, monitoring & evaluation of the second call: 2022-2024.

Activity 5. Programme, trainers, participants: June – November 2021  
 Realisation : September 2021 - April 2024

#### **4.1. When can the project implementation start at the earliest after its approval?**

April 2021

#### **5. Indicative financial resource by activity, including sources of financing (national budget, European funding, private funding, micro finance institutions)**

<b>Activity</b>	<b>RRP's financing in BGN</b>	<b>Co-financing in BGN</b>	<b>% co-financing to activity</b>	<b>Source of co-financing</b>	<b>Total in BGN</b>
<b>Activity 1</b>	2,070,500	200,000	8%	NCF	2,270,500
<b>Activity 2</b>	21,294,000	3,800,000	15%	Ministry of culture, NCF	25,094,000



<b>Activity 3</b>	25,592,000	3,000,000	10%	Ministry of culture	28,592,000
<b>Activity 4</b>	30,091,000	10,000,000	25%	municipalities	40,091,000
<b>Activity 5</b>	698,400	n/a	0	n/a	698,400
<b>Total</b>	<b>77,184,698.4</b>	<b>17000000</b>		<b>0</b>	<b>96,745,900</b>

#### 5.1. Indicative allocation of the financial resource, depending on the type of expense

- Programme funding for small- and large-scale projects along the priorities under Activities 2, 3, 5 and 5 above = 93,750,000 BGN = **96 % of the total budget**,
- Capacity-building (incl. supply & service contracts under PPA) = 2,956,600 BGN = **3.7 % of the total budget**,
- Reform = 38,400 BGN = **0.3% of the total budget**.

### 6. Indicators

#### 6.1. Performance indicator/s

- Efficiency and transparency of cultural administration  
Baseline data - 10 % [2019]  
Interim - 19 % [2022]  
Target - 30 % increase [2024]
- Project-based funding from public sources shows a stable increase as a 40 % of all public funding for culture:  
Baseline data - 1.25 % [2019]  
Interim - 13 % [2022]  
Target - 15 % increase [2024]
- Increased the employment in CCIs sector:  
Baseline data - 3.7 % [2018]  
Interim - N/A  
Target - 4.2 % [2024]

#### 6.2. Result indicator/s

- Increased level of cultural offering - number of new initiatives, events, programs/year, geographical balance:  
number of new quality cultural programs / events - 670 by 2023  
N of localities with min 20 new programs/year

baseline - 5

target - 28 per year

- Increased collaborations of international participation in productions/co-productions:  
baseline - app. 60  
target - 180
- Municipal policies - N of local municipalities with cultural policies:  
baseline - 5  
target - 12
- Capacity building - N and variety of training formats, N and profile of participants and trainers:  
baseline - 0  
target - 300
- Partnerships and collaborations - N and nature of partnerships , % external funding sources (revenue, sponsorship, etc):  
baseline - n/a  
target - 300% increase
- Increased access  
Baseline data - 42.2 % have attended at least one performance [2017]  
Interim - 5% increase [2022]  
Target - 20 % increase [2023]
- Increased international collaborations - Bulgarian cultural products at major European art platforms (any art field)  
Baseline data - 7 [2017]  
Interim - 12 [2022]  
Target - 22 [2023]

## **7. Does the project require the opening of a procedure pursuant to the Public Procurement Act (PPA)?**

Activity 1./ Sub-activity 1.4. Administration and digitisation of processes. The development of software is required a supply tender under Public Procurement Act. It is 44 % of the Activity 1.

It is envisaged a two supply tenders with direct negotiations under sub-activity 1.4., which is 1%. of the Activity 1. The sub-activities 1.5. Monitoring and analyses (1%. of the Activity 1); 1.6. Coordination: intra- and inter-sectoral is required two service tenders with direct negotiation (2%. of the Activity 1).

Under Activity 2 is required direct negotiation procedure for consulting services under PPA, which is 0.1 % of Activity 2.

Under Activity 3 is required direct negotiation procedure for consulting services under PPA, which is 0.1 % of Activity 3.

Under Activity 3 is required direct negotiation procedure for consulting services under PPA, which is 0.1 % of Activity 3.

Under Activity 4 is required direct negotiation procedure for consulting services under PPA, which is 0.1 % of Activity 4.

60% of Activity 5. Capacity building for cultural administration and operators in the CCIs will required an opening of service procedure under PPA. 0,1 % of the Activity 5 is required direct negotiation procedure for consulting services under PPA.

<p><b>7.1. If a procedure under the Public Procurement Act is required, what part of the activities and financial resources will be the subject of the public procurement?</b></p>
<p>Two procedures under PPA are required as follows</p> <ul style="list-style-type: none"> <li>• Activity 1/Sub-activity 1.4. Administration and digitisation of processes. The development of software is required a supply tender under Public Procurement Act. It is 44 % of the Activity 1 and 1% of the total budget.</li> <li>• Activity 5. Capacity building for cultural administration and operators in the CCIs will required an opening of service procedure under PPA. It is 60% of the Activity 5 and 0.04 of the total budget.</li> </ul> <p>It is envisaged several supply and service tenders with direct negotiations under PPA around 0,1% of the total budget.</p>
<p><b>7.2. If a procedure under the Public Procurement Act is required, what is the indicative schedule for its implementation?</b></p>
<p>The tender for the new software will be prepared and announced in the last trimester of 2021. (Activity 1)</p> <p>The service tender under Activity 5 will be prepared and announced in the second trimester of 2022.</p> <p>The supply and service tenders with direct negotiations under PPA will be implemented as per the time schedule 4. above.</p>
<p><b>8. Demarcation and complementarity</b></p>
<p><b>8.1. If similar projects have been implemented (regardless of their source of funding), describe how this project builds on/complements what has been achieved with previous projects.</b></p>
<p>In the framework of the national Law on Protection and Development of Culture, the project builds on the possibilities opened up with the establishment of the National Culture Fund (est. year 2000) and on its experience in project-based support for culture.</p> <p>The project also builds upon the achievements of local/municipal cultural policies and instruments that have started being developed actively in 2014 with regard to the Bulgarian nominations for European Capital of Culture 2019, notably in the capital of Sofia as well as in larger urban centres such as Plovdiv (European Capital of Culture 2019), Varna, Burgas, Gabrovo.</p> <p>The project is developed having in mind the lessons learned from the implementation of a series of measures undertaken by the Bulgarian government and Ministry of Culture in the period March 2020-Dec 2020 to compensate for the consequences of Covid-19 crisis in culture. The project is, however, conceived with strategic future development in mind rather than as a recovery measure.</p>
<p><b>8.2. If similar projects are envisaged to be implemented under the Partnership</b></p>

<p align="center"><b>Agreement programs, the centrally managed facilities of EU or the Just Transition Fund, outline the demarcation with this project.</b></p>
<p>It is not envisaged implementation under other national or EU programmes.</p>
<p><b>9. Does the project directly contribute to the implementation of any of the Council's Specific Recommendations addressed to Bulgaria in the framework of the European Semester in the period 2017-2020? Please describe how.</b></p>
<p>Activity 1 is taking into account CSR (17) from 2018 which defined that "progress in public administration reform and e-government is slow. Governance in the public sector could benefit from more transparency, clearer rules and a long-term perspective. In addition, the role of social dialogue can further evolve, facilitated, when necessary, by public authorities." And corresponds with the 1<sup>st</sup> recommendation of CSR from 2018 in view to "improve ... the efficiency of public spending, including by stepping up enforcement of measures." The activity consider CSR (7) from 2019 where it is "expected to raise the quality, efficiency and transparency of public spending, and consequently the quantity and quality of public goods" and having regard CSR (16) from 2019 and (24) from 2020 on effectiveness of public administration and e-governance.</p> <p>Activities 2, 3 and 4 corresponds with CSR (24) from 2018 "The programming of EU funds for the period 2021-2027 could help address some of the gaps identified in the recommendations. This would allow Bulgaria to make the best use of those funds in respect of the identified sectors, taking into account regional disparities. Strengthening the country's administrative capacity for the management of these funds is an important factor for the success of this investment". It considers recommendation 3 of CSR from 2020 "Streamline and accelerate the procedures to provide effective support to small and medium-sized enterprises and self-employed". CSR (19) from 2020 on the consequences of the crisis on economy - by focusing the project support on SMEs and of self-employed artists in culture. It refers CSR (17 and 18) from 2019 on labour market, employability and skills acquisition, particularly for young people the project provides the capacity-building program and the project funding for private actors in CCIs.</p> <p>Activity 4 having regard to the CSR (9) from 2020 on regional disparities by introducing reforms that contribute towards decentralisation of cultural offering and by investing in disadvantaged areas.</p> <p>Activity 5 corresponds with CSR (24) from 2020 "The crisis highlighted the strategic importance of an efficient public administration and of a well-functioning digital government." And also, recommendation CSR 4. "Minimise administrative burden to companies by improving the effectiveness of public administration and reinforcing digital government." Moreover, it follows CSR (15) from 2019 that "Despite an increase in the public research budget in 2018, research and development spending remains very low in both private and public sector."</p>
<p><b>10. Does the project contribute to the implementation of reform in a given sector? Please describe how.</b></p>

The project aims to reform the public spending and decentralization of state policies in the sector of CCIs as set up a working group with the relevant stakeholders, Ministry of Culture, NCF, Ministry of Finance and representatives of municipalities, universities/research centres and of public and private CCIs, in view to elaborate of survey on the legal framework governing activities of NCF, as well as of Municipal Cultural Funds, in compliance with legal cultural practice functioning on EU level. In reference to the change of legal status of NCF and municipal Funds for Culture, it will be drafted a proposal for Law on Cultural Funds and it will be reflected in other related law and regulative frameworks. Public discussions with relevant stakeholders, project beneficiaries and society in general will be held. Submission of the legislative package into relevant Parliamentary Commission and the National Assembly of Bulgaria.

Due to new Law on NCF it will require to reform the governance, administrative structure and opening a research unit under NCF and also it will be drafted and improved Status, external and internal regulations, evaluation & monitoring system and audit of NCF.

The decentralisation of state policies for CCIs envisages strong participation of the municipalities in design and apply a process of sharing of know-how on cultural strategic planning based on provisions in the Law on Local Self-Governance and the Law on Protection of Culture.

The reform will facilitate conditions for better policymaking, implementation, enhanced transparency, trust and integrity in the public sector. It will increase predictability and effectiveness, coherence and inclusiveness of policymaking through transparent planning, stakeholder consultation, evaluation, coordination and monitoring. The enhancement of the regulatory framework and strengthening of preventive and control mechanisms designed to combat fraud, notably in relation to public procurement, and preserve the integrity of public service investment. The reform set up a user-friendly digital environment increasing open data use, transparency and interaction with the project beneficiaries, citizens and businesses.

The envisaged reform measures are expected to yield positive economic and social outcomes and strengthened resilience, given the important role of a more transparent, effective (civil/municipal service) support system to strengthen resilience and adequately address current and future challenges, including the digital and green transition.

**11. Does the project contribute to the development of any aspect of sustainable economic development? Please describe how.**

Given the important role of culture and creativity for the economic and social development of cities and regions and their ability to further help address disparity issues, the potential of the CCI is high. The investments planned are directed not only to towards post-crisis recovery but primary towards building a stable base for development as long as they will:

- support viable SMEs in CCIs which are open to develop new technologies and green policies,
- guarantee employment and create new jobs, particularly for young people,
- improve quality of life, including in underdeveloped areas,
- create conditions for a smooth transition towards digital dissemination of culture that is, however, adapted to the specificities of CCIs and to the audiences needs,

- contribute to combating social challenges such as inequality and marginalization,
- increase economic contribution of CCI by attracting investments and by increased share of contribution in related sectors such as IT, tourism, transport, education, service,
- create new skills for the 21st century for using the new technologies and green transition.

The contribution of culture and creativity to innovation is not limited to the direct impact of the CCI, since innovation across-the-board is increasingly driven by non-technological factors such as creativity, design and new organisational processes or business models. In particular, CCI with distinct value chains (i.e. music, design, fashion, audio-visual, video games, architecture, etc) have a strong innovation capacity in economic terms and are able to drive innovation in other sectors of the economy. One of the few industries that registered growth in the COVID-19 crisis is the IT industry in Bulgaria. The software industry expects 10 percent growth despite the crisis. "The forecasts are that the revenues of our industry by the end of 2020 will reach BGN 4,255 million, which is an increase of 10 percent compared to the previous year. This makes the Bulgarian software sector one of the fastest growing in the country." (Bulgarian Association of Software Companies). IT sector is the natural partners of the CCIs not only in the creation of new products, but also as a new segment in the arts audience. Moreover, IT industry in creating its own products and brands needs the "content" provided by the CCIs. The project will assist to overall improve CCIs digital performance as measured by the dimensions of the Digital Economy and Society Index.

**12. Does the project contribute to the implementation of the objectives of the National Development Program BULGARIA 2030? Please describe how.**

The project is

- **innovative** as long as it builds an environment for creation of new products and new markets, and is inclusive towards the private/independent sector in culture;
- contributive to **connected and integrated Bulgaria** as it addresses equal access of audiences, digital and hybrid channels of dissemination of content, regional cohesion and European integration;
- supportive of the transition to **green economy** as long as it encourages SMEs in CCIs developing new technologies and green policies, moreover it is sharing of resources and will apply requirements for ecological sustainability in cultural events management;
- working towards **justice and good governance** by setting up a reform the public investments and decentralization of state policies and proposing measures to increase effectiveness of public administration in culture and by empowering local policy makers in addressing local challenges.

**13. Does the project contribute to the implementation of the objectives and priorities set out in the National Integrated Energy and Climate Plan? If yes, please describe how.**

CCIs are largely a low-carbon industry. As a cross-cutting objective the project will also promote practices that consider the environmental impact and green approach of the activities. The project products will demonstrate that do no significant harm to the environment.

Whereas the cultural and creative sectors and industries are vital in achieving environmental sustainability and will need to remain properly funded and identified as a safe investment in order to be ready for the transition towards a carbon-neutral economy, in line with the European Green Deal, the Sustainable Development Goals and Taxonomy Regulation.