

MEGAPROJECT Case Study

Case compiled by: Milen Baltov

Contact details: mbaltov@bfu.bg

Basic Project Information 1

Project Title	Industrial Zones Development
Location	Republic of Bulgaria
Purpose	To provide increased investment opportunities and favourable business environment in order to maximise direct foreign and domestic investments and foster economic development as part of Bulgaria's preparations for implementing EU cohesion policy upon accession.
Scope	To improve the infrastructure of industrial zones, business parks and locations and establish efficient conditions for attracting new investments, thus increasing the economic development potential.
Total Project Value	1 200 mil EUR

MEGAPROJECT Case Study

Basic Project Information 2

Project Status (i.e.. initiation, planning, construction, operation, dismantling)	All the 25 single zones under the project have passed feasibility studies and design of the land and infrastructure. 10 of them are with invested money for infrastructure and started accumulation of the business units investments for direct production sites.
Contractual Framework (e.g. fixed price, cost-plus etc.)	Consisting of two packages of EU funds air – 30 mil for design under Phare programme and 100 mil for infrastructure under the Operational Programme Regional Development and another 120 mil EUR as infrastructure investments by the State company Industrial zones, 400 mil EUR the value of the assets (allocated by the municipalities, the state and in few cases by companies). 700 mil EUR are the indicated investments in business establishments inside only in the already established zones.
Relevant Physical Dimensions (e.g. height, width, volume, length)	Activities are to be implemented in approximately 40-50 industrial areas identified within the the 28 districts on the territory of Bulgaria.

MEGAPROJECT Internal Stakeholder Identification

(Stakeholders with a direct legally sanctioned relationship with the project)

		Stakeholder Category	Case-Study	Comments (e.g. maturity, previous experiences of stakeholders, skills, influence on project)	
Internal	Supply-Side	Client	Municipalities; Local suppliers to big multinational businesses, Local companies moving production out of living areas of cities; SMEs to get suitable production sites		
		Financiers	EU Funds, mainly ERDF, State Company Industrial Zones; PPP with municipalities		
		Sponsors	European commission and national government		
		Client's Customers	Potential investors in Industrial zones		
		Client's Owners	Municipalities		
		Other internal supply-side categories (please specify)	Category	Case-Study	
	Demand Side)	Principal Contractor	Ministry of Regional Development and Public Works Ministry of Economy and Energy		
		First Tier Contractors	State Company Industrial Zones		
			PPPs with municipalities		
		Second Tier Consultants	Management consultancies Space and infrastructure design consultancies		
		Professional Services Providers	Management Consulting ICAP Bulgaria EAD		
		Other internal supply-side categories (please specify)	Category	Case-Study	
Banks and investment funds					

MEGAPROJECT External Stakeholder Identification

(Stakeholders with a direct interest in the project but with no legal contract)

		Stakeholder Category	Case-Study		Comments (e.g. maturity, previous experiences of stakeholders, skills, influence on project)	
External	Public	Regulatory Agencies	Ministry of economy, tourism and energy	Ministry of agriculture for lands with changed purposes		
		Local Government	25 municipalities			
		National Government	Ministry of Regional Development and Public Works Investment Policy Directorate (Ministry of Economy and Energy) Ministry of Finance			
		Other internal supply-side categories (please specify)	Category	Case-study		
			Bulgarian SME Agency Invest Bulgaria Agency National Association of the Municipalities in the Republic of Bulgaria			
	Private	Local residents	Population, industrial companies which are active in the region , local educational institutions			
		Local Landowners	In the cases when agriculture land is to be transferred to industrial In most cases the land is already wit industrial purposes			
		Environmentalists	Only in single cases as most of the zones are to cover sectors that are not polluting			
		Conservationists	None			
		Archaeologists	None			
		Other External Private stakeholders (please specify)	Category	Casestudy		

MEGAPROJECT Project Management

Project Organisation

Client Project Team Size & Structure	At the Ministry – 4 experts; At the municipalities total of 50 experts; At the State company Industrial Zones – 3.
Contractor Project Team Size and Structure	For the Management Consultant 5 Key experts in the following fields: Business Planning and Management, Marketing, Civil construction or Architecture, Finance, Business Management and 40 additional short term experts
Sub-Contractor Project Team Involvement	For the design consultants 7 key experts and more than 130 short term consultants

Project Tools and Techniques

Please ✓ if present, x if absent , leave blank if unknown

- Life-Cycle Costing Approaches Project Management Software Lessons Learnt Transfers
- Stakeholder Involvement Relationship Management Tools Team Building Tools
- Building Information Modelling (BIM) Project Knowledge Management Tools Competency framework

Other Tools and Techniques or More Information

Project Processes

Risk Management Processes	Present (<i>describe below</i>) <input checked="" type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/> Elaboration of mature technical documentation for the investment projects; Timely preparation of the services tender dossiers; Delays in appointing the management teams and instability of management staff; Inability of municipal authorities to cover the running costs of the industrial zones; Worsening of the local economic environment and/or competitive position of the industrial zones with regard to other investment opportunities.
HR Management Processes	Present (<i>describe below</i>) <input checked="" type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/> Training needs assessment; Development and organisation of a management training programme for the key staff at each industrial zone; Identification of the legal entity models;
Procurement Management Processes	Present (<i>describe below</i>) <input type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/>
Integration Management Processes	Present (<i>describe below</i>) <input type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/>
Scope Management Processes	Present (<i>describe below</i>) <input type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/>
Time Management Processes	Present (<i>describe below</i>) <input type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/>
Cost Management Processes	Present (<i>describe below</i>) <input type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/>
Quality management Processes	Present (<i>describe below</i>) <input type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/>
Communications Management Processes	Present (<i>describe below</i>) <input checked="" type="checkbox"/> Not Present <input type="checkbox"/> No Information <input type="checkbox"/> Organisation of information days, promotional events, press conferences, etc.; publication of an informational web-site on the services offered by the industrial zones; Elaboration of standard presentations (for fairs) and a marketing plan with annual implementation programme for the industrial zones promotion.

MEGAPROJECT Project Performance

Aspects of Performance Concerned with Doing the Project Right

	Original Targets and changes to targets	Actual Achievements Against Targets
Performance relating to time	By 2010 in 60% of the zones 30% of the plots to be bought or rented by investors All the previous (total 7) free trade zones to be fast growing industrial parks by 2011	Less than 20% of the plots in some 40% of the zones are occupied at the beginning of 2012 None of the previous (total 7) free trade zones is functioning on full scale and most of them still generate only trade facilities revenues

Aspects of Performance Concerned with Doing the Right Project

Stakeholder or Stakeholder Grouping	Original Aims of Project Involvement and Changes to these Aims
Ministry of Regional Development and Public Works; Ministry of Economy, Energy and Tourism	Preparation of a programme for developing industrial zones in Bulgaria
Local authorities, NGOs, private entities	Investigation and development of management models for industrial zones
Local authorities, NGOs, private entities	Elaboration of business plans and marketing strategies for the industrial zones
Local authorities (district and municipal)	Improvement of capacity at local level for promoting and attracting investments
Local authorities, academic institutes and universities	Training and appointment of competent operational teams
District Administrations	Identification of sites for further infrastructural development
Bulgarian Investment Agency	Building of a data-base of investments and appropriate industrial and business locations

MEGAPROJECT Project Environment

Legal and Regulatory Environment

Legal and Regulatory Project Environment (regionally, nationally and Europe wide)	Investment Promotion Act, National Strategy for Investment Promotion, Law on Spatial Planning, Law on Environmental Protection, Law on State Property, Law on Municipal Property, Law on local taxes
Specific Legal and Regulatory events impacting on the project	Draft Law on Industrial Zones

Political Environment

Political Project Environment	Goals of the industrial development, conformity with existing policies of the government related with the examined region; Engagements of the terrestrial regulation at national and regional level focusing also on the potential specialization in some economic sectors
Specific Political Events impacting on the project	Aiming to improve the investment environment, the Bulgarian Parliament has adopted an Investment Promotion Act in April 2004. This Act ensures equal treatment of foreign and domestic investors and provides for both investment incentives and integrated administrative services in shorter terms

MEGAPROJECT Project Key Events and (Phare project) Activities Timeline

